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THE ALLIED OCCUPATION OF AUSTRIA, 1945-1955

by

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A THESIS

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The undersigned certify that they have read, and
recommend to the Faculty of Graduate Studies for acceptance,
a thesis entitled "The Allied Occupation of Austria, 1945-1955"
submitted by Brian Bromley Wilks in partial fulfilment of the
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ABSTRACT

During the Second World War, the Allied powers agreed that Austria, in light of the Anschluss of 1938, would be restored as an independent state after the defeat of Nazi Germany. The Allied powers also planned for a short-term post-war occupation of Austria, which commenced in September 1945, in order to oversee the restoration of the political and economic foundations necessary for that country to survive as an independent state.

The Austrian people showed a remarkable ability in restoring their political institutions, and a political stability was achieved by the end of 1945 which was lacking during the period of the first Republic. But on the economic side, Austria required considerable Western economic assistance to aid her economic recovery. It was not until 1953 that the Austrian economy returned to a state of relative stability and prosperity.

Apart from Austria's economic difficulties, the Allied occupation, which could have been finalized in the summer of 1946, entered a period of stagnation that lasted at least until the end of 1953. The primary reason for the continuing Allied occupation was the hardened Soviet attitude in Europe which was a reaction to the American economic and military initiative in Europe from early 1947 onward to actively combat the spread of Communism. In Austria, the hardened Soviet attitude was most noticeable in her exploitation of the undefined German assets in East Austria which had been awarded to her at the Potsdam

Conference of 1945. The problem of German assets was also the main stumbling block toward the signing of an Austrian state treaty within the period of serious discussions by the Western powers and the Soviet Union from early 1947 until late 1949. But from the end of 1949 until late 1953, the Soviet Union withdrew from these treaty discussions because it was not in her interests to end the Allied occupation of Austria.

By the end of 1953, however, the Soviet Union reversed her attitude toward signing an Austrian state treaty. The main reason for this change in attitude was the decision of the Western powers to re-arm West Germany. The re-arming of West Germany meant that Western military communication lines could pass through the Western zones of Austria to Italy which the Soviet Union hoped to prevent. Accordingly, the Soviet Union entered into bilateral discussions with Austria in order to obtain a guarantee of military neutrality from that country in return for ending the Allied occupation of Austria. The Western powers accepted the conditions of this Austro-Soviet pact, and in May 1955, the Big Four Powers met in Vienna to sign an Austrian state treaty which ended their occupation of that country.

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INTRODUCTION

On May 15, 1955, Great Britain, France, the United States and the Soviet Union signed a State Treaty with Austria which ended their ten year occupation of that country. Although Austria was designated at the 1943 Moscow Conference of Foreign Ministers as the "first free country to fall a victim to Hitlerite aggression"¹ and was liberated from German domination, that country, like Germany after 1945, was subjected to a four-power occupation. But unlike Germany, where the Allied occupation collapsed in the summer of 1948 because of the Cold War policies of the Soviet Union and the United States, the Allied occupation of Austria did not disintegrate, and that country became a focus for cooperation between the Western powers and the Soviet Union.

That Austria, unlike Germany, became a successful meeting place for East-West cooperation was possibly due to three general reasons: (1) the difference in scale between the Allied Commission for Austria and the Control Commission for Germany, (2) the difference in relations between the occupiers and occupied and, (3) the dissimilarity of tasks between the Allied Commissions in Germany and Austria.

¹U.S., Department of State Bulletin, "Declaration on Austria" (Washington: Government Printing Office, 1944), IX, p. 310.

Because of the difference in scale between the Allied Commission for Austria and the Control Commission for Germany, the atmosphere in which the two Commissions worked was totally different. In numerical scale, the total population to be supervised in Austria was much smaller compared with that of Germany -- seven million as against more than seventy million. The total area involved was 32,000 square miles against 138,000 square miles. The total number of members of the staff of the Allied Commission for Austria, even at its greatest, never exceeded a fraction of that of the Control Commission in Germany. This smallness of scale, coupled with the concentration of the population in Vienna itself, greatly simplified organizational problems in Austria and counteracted the tendency for zonal organizations to be developed at the expense of centralized control as occurred in Germany. All the weight of the Allied Commission was in Vienna, and the distances between the different headquarters of the national components were correspondingly small.²

Another decisive contrast between the Allied occupation of Germany and Austria was to be observed in the relations between the occupiers and occupied. Germany had been defeated. Austria --

²John Mair, "Four Power Control in Austria, 1945-1946," Survey of International Affairs, 1939-1946, ed. Arnold Toynbee (London: Oxford University Press, 1956), p. 315.

officially at any rate -- had been liberated. Despite the variations in approach by the four occupying powers toward the Austrian people, the difference in the Allied approaches to Austrians and to Germans was there, and it was fundamental.³ It meant that from the outset of the Allied occupation, the Austrians were encouraged on the whole to take charge once again in their own house.

That the Austrian people were encouraged to establish their own government at an earlier stage than the Germans was, of course, due to the dissimilarity between the tasks of the Allied Commissions in Germany and Austria. The Allies' post-war task in Austria was never primarily considered, as was their task in Germany, in terms of the re-education of a people, but rather in terms of the reconstitution of a state. The task of the Allied Commission for Austria was to oversee the restoration of the political and economic foundations necessary for Austria to survive as an independent state.⁴ And by the end

³Both the "Combined Directive for Military Government in Germany Prior to Defeat or Surrender" in its section covering Austria, and the "Declaration of the Soviet Government on Austria" emphasized the fact that the Austrians were to be treated as a liberated people. Both these documents are to be found in Cary Travers Grayson, Jr., Austria's International Position, 1938-1953 (Geneve: Librairie E. Droz, 1953), Appendix C, Documents, pp. 183-92.

⁴Allied Commission for Austria, "Proclamation to the Austrian People," Annex 5, Allied Council Minutes (Unofficial U.S.), September 11, 1945.

of 1945, Austria did have a freely elected central government which also had a unifying effect upon the Western powers and the Soviet Union during their occupation of that country.

Although Austria, after 1947, tended to be used more and more as a bargaining counter primarily by the Soviet Union against the Western powers in the prevailing Cold War atmosphere, that country had a will of her own which was expressed by men whose national patriotism had been re-born by war-time suffering under the Nazis and was nurtured, ironically enough by the rivalry of Austria's liberators.⁵ It was in large measure thanks to the presence of that government that the Cold War in Austria was contested with weapons perhaps less crude, and in an atmosphere certainly less heated, than in Germany.

⁵This sense of post-war national patriotism was noted in: Karl Gruber, "Austria Holds On," Foreign Affairs, XXVI (April, 1948), 478-85.

CHAPTER I

THE AUSTRIAN POLICY OF THE BIG THREE POWERS

In November 1943 at the Moscow Conference of Foreign Ministers, Great Britain, the Soviet Union and the United States issued a joint policy statement concerning Austria in which they expressed their desire to restore that country as an independent state after the defeat of Nazi Germany. The Declaration on Austria, which was also approved by the French Committee of National Liberation in Algiers,¹ marked the initiation of detailed planning for a short-term post-war occupation of that country. Although it was the first Allied statement about the question of Austria's place in post-war Europe, the Declaration on Austria represented an evolution of attitudes by the powers concerned which can be traced from at least the time of the Anschluss of March 1938. It is necessary, therefore, before any discussion can commence involving the circumstance of the writing of the Declaration on Austria, or the later Allied planning for the occupation of Austria, to survey these attitudes of the Allied powers, including France.

¹John Mair, "Four Power Control in Austria, 1945-1946," Survey of International Affairs, 1939-1946, ed. Arnold Toynbee (London: Oxford University Press, 1956), p. 283

For France, the invasion and annexation of Austria by Germany proved to be a profoundly felt shock.² National interests and geographic position had caused the French government to advocate a policy of maintaining the Versailles Treaty, and those clauses of it, which forbade the union of Austria and Germany without the consent of the League of Nations.³

²D: W. Brogan, The Development of Modern France, 1870-1939 (London: Hamish Hamilton, 1953), p. 721; René Albrecht-Carrié, France, Europe and the Two World Wars (New York: Harper & Bros., 1961), pp. 310-11; Mary Wathen, The Policy of England and France Toward The "Anschluss" of 1938 (Washington: Catholic University of America Press, 1954), p. 175.

³Union of Austria with Germany was prohibited by the Treaty of Versailles, June 28, 1919. Section VI, Article 80, reads: "Germany acknowledges and will respect strictly the independence of Austria, within the frontiers which may be fixed in a Treaty between that State and the Principal Allied and Associated Powers; she agrees that this independence shall be inalienable, except with the consent of the Council of the League of Nations." The Treaty of Peace between The Allied and Associated Powers and Germany, The Protocol annexed thereto, the Agreement respecting the military occupation of the territories of the Rhine, and the Treaty between France and Great Britain respecting Assistance to France in the event of unprovoked aggression by Germany (London: His Majesty's Stationery Office, 1919), p. 95. The same prohibition was likewise incorporated into the Treaty of Saint-Germain, September 10, 1919. Part III, Section VIII, Article 88, reads: "The independence of Austria is inalienable otherwise than with the consent of the Council of the League of Nations. Consequently Austria undertakes in the absence of the consent of the said Council to abstain from any act which might directly or indirectly or by any means whatsoever compromise her independence, particularly, and until her admission to membership of the League of Nations, by participation in the affairs of another Power." The Treaty of Peace between The Allied and Associated Powers and Austria together with the Protocol and Declarations annexed thereto (London: His Majesty's Stationery Office, 1919), p. 24.

Even though France had been one of the victorious powers of the First World War, she was constantly aware of the future potential of German expansion and during most of the inter-war period the one idea of security became the keynote of French domestic and foreign policy, especially in view of the absence of an Anglo-American guarantee against German aggression.⁴ This obsession for security led France to become the champion of the status quo of the entire order of Central as well as Western Europe and her ideas of security took on a large scope. There not only existed the fear of direct aggression by Germany, but also the danger of indirect attacks by which Germany would advance on her eastern or southeastern neighbours. Accordingly, France, during

⁴Not only did the United States fail to ratify the Treaty of Versailles, but the Treaty of Guarantee never emerged from the committee stage for debate on the floor of the Senate. Richard W. Leopold, The Growth of American Foreign Policy: A History (New York: Alfred A. Knopf, 1962), pp. 390-98. The nature of the Treaty of Guarantee was such that, in the event of American refusal to implement it, an escape clause would also exonerate Britain. This clause (Article II), reads: "The present Treaty in similar terms with the Treaty of even date for the same purpose concluded between the French Republic and the United States of America, a copy of which Treaty is annexed hereto, will only come into force when the latter is ratified." . . . Treaty between France and Great Britain respecting Assistance to France in the event of unprovoked aggression by Germany, p. 445. Britain elected to avail herself of this escape clause; hence France had to look elsewhere in Europe for security against Germany. Albrecht-Carrié, pp. 102-06.

the early 1920's developed a system of alliances which, at least on paper, provided her with the security she desired.⁵ And in the early 1930's, France sought further security through a Franco-Soviet Treaty of Mutual Assistance.⁶

However, after the October 1934 assassination of the leading opponent of German expansion, Louis Barthou, French foreign policy passed into the hands of men like Pierre Laval, who viewed the growth of the political Left in France as a greater menace to the country than German expansion. And after France allowed the remilitarization of the Rhineland by Hitler in 1936 to occur unopposed, the lack of French will-power

⁵These treaties were: (1) the Franco-Belgian alliance of September 1920, (2) the Franco-Polish agreement of February 1921, (3) the Polish-Roumanian military convention of March 1921, (4) the bilateral agreements, known as the Little Entente, which consisted of the Czech-Yugoslav treaty of August 1920, the Czech-Roumanian treaty of April 1921 and the Roumanian-Yugoslav treaty of June 1921, (5) the Franco-Czech treaty of January 1924, (6) the Franco-Roumanian treaty of January 1926, (7) and the Franco-Yugoslav treaty of November 1927. The three last mentioned treaties complemented those of the Little Entente and all the treaties taken together were known as the French system. Albrecht-Carrié, pp. 109-13; Arnold Wolfers, Britain and France between Two Wars: Conflicting Strategies of Peace Since Versailles (Hamden, Conn.: Archon Books, 1963), pp. 21-28.

⁶Jane Degras (ed.), Soviet Documents on Foreign Policy (London: Oxford University Press, 1953), III, 1933-1941, pp. 130-32; Albrecht-Carrié, pp. 273-78; Wolfers, pp. 136-39.

to defend her alliance system became a reality and her foreign policy became passive and an appendage of British foreign policy in Europe.⁷ Hence, France, although she was shocked by the occurrence of the Anschluss, and protested to Germany against "the coercion, supported by violence of which an independent state has been made the victim," let that aggression proceed unhindered by any military intervention on her part.⁸ During the war years, because of the fall of France to German invasion in 1940, French feelings toward the Anschluss were not an important factor in the formation of post-war Allied policy toward Austria. It was not until May 1945, at which time France was granted an occupation zone in Austria, that she became an active partner in the post-war Allied policies toward Austria.

Of the three war-time Allies actively concerned with the question of Austria's position in post-war Europe, Great Britain's attitude toward the Anschluss was the most controversial. Britain, in contrast to France who always feared German aggression and sought additional commitments and further security in Europe, was

⁷Great Britain, Foreign Office, Documents on British Foreign Policy, ed. E. L. Woodward and Rohan Butler (London: His Majesty's Stationery Office, 1949), 3d ser., I, 1938, p. 35; John W. Wheeler-Bennett, Munich: Prologue to Tragedy (New York: Sloan & Pearce, 1948), pp. 240-42; Albrecht-Carrié, pp. 257-73; Wathen, p. 175.

⁸Ibid.; Robert E. Clute, The International Legal Status of Austria, 1938-1955 (The Hague: Martinus Nijhoff, 1962), p. 43.

a more satisfied country than France after the First World War; and in contrast to France maintained the revisionist theory that the Versailles Treaty structure was not necessarily permanent or unchangeable.⁹

Although Great Britain from the time of Versailles to the Anschluss could be considered revisionist, a primary cause for this policy, which at Munich changed to unconditional negotiations with Germany, was because the government in Britain from Versailles to Munich was in the hands of men such as Neville Chamberlain who placed British domestic and Empire interests first. For these men, Britain's interests on the continent extended no further than the Rhine. On the other hand, there were people in Britain such as Anthony Eden who could be considered internationalists, for they were prepared to work for collective security in Europe through the League of Nations. It was on account of these two conflicting groups in the British government that her foreign policy in Europe was so controversial.¹⁰

When the Anschluss did occur in March 1938, the Foreign Office, expressing the view of the dominant Chamberlain group in the government, registered only a written protest to the German

⁹Wathen, pp. 17-22; Wolfers, pp. 212-22.

¹⁰Robert Cecil and R. A. Butler, "Issues in British Foreign Policy," International Affairs, XVII (May, 1938), 338-51, 386-94; Wathen, pp. 23-29. Wolfers, pp. 223-28.

government "against the use of coercion backed by force against an independent state."¹¹ Unfortunately for Austria, Germany was able to disregard these stern sounding words, for Hitler knew very well that neither Britain nor France would back up their written statements with a show of military force.¹² It should also be added that British feelings in 1938 concerning Austrian independence were tempered by a national disinclination to go to war and by Nazi propaganda concerning the desire of the German-speaking Austrians to unite with the German Reich.¹³ Britain even went far in granting de facto recognition of the Anschluss,¹⁴ but with the outbreak of European hostilities in September 1939 there occurred an awakened interest in Austria by the British government which sharply reversed any acceptance of the status quo.

¹¹Documents on British Foreign Policy, 3d ser., I, 1938, pp. 18-19.

¹²R. J. Sontag et al. (eds.), Documents on German Foreign Policy, 1918-1945 (London: His Majesty's Stationery Office, 1949), Series D, 1937-1945, I, pp. 262-64.

¹³Nevile Henderson, Failure of a Mission: Berlin, 1937-1939 (Toronto: Musson Book Co. Ltd., 1940), p. 124.

¹⁴The Foreign Office informed the German government on April 2, 1938, that their Legation in Vienna would be replaced by a Consulate-General on, or about, April 15. And on July 1, 1938, Great Britain and Germany reached agreement by which the latter assumed the responsibility for payment of Austrian government loans owing Britain. Monica Curtis (ed.), Documents on International Affairs (London: Oxford University Press, 1943), II, 1938, pp. 96-97.

During the war years, one of the earliest mentions of any special responsibility by Britain toward Austria was noted in a speech given by Winston Churchill, the First Lord of the Admiralty, on November 9, 1940, at Mansion House in London. This speech, entitled "Ten Weeks of War," mentioned Austria as a country to be restored to life and freedom.¹⁵

British policy toward Austria was further defined by Anthony Eden, the Secretary of State for Foreign Affairs, when he was questioned in the House of Commons on September 9, 1942, in regard to the position of Austria in any final peace settlement. Mr. Eden first said that the policy of the government toward Austria had been stated by the Prime Minister at Mansion House in 1940. Yet he felt obliged to mention that the government was not bound by any changes in the position of Austria in or since 1938, and could not commit themselves in 1942 to recognize or support the establishment in the future of any particular frontiers in Central Europe.¹⁶

In further defining British policy toward Austria, the idea of a Danubian confederation as contemplated by Winston Churchill should be mentioned. This idea was stated in a personal

¹⁵Winston S. Churchill, Blood, Sweat and Tears (New York: G. P. Putnam's Sons, 1941), p. 192.

¹⁶Great Britain, 5 Parliamentary Debates (Commons), CCCLXXXIII (1942), 123-24.

minute dated December 13, 1942, to Anthony Eden.¹⁷ The concept of a Danubian confederation was again mentioned by Churchill at Teheran when President Roosevelt's proposals for the division of Germany into five sections were being discussed.¹⁸

Finally, statements of British policy toward Austria were made in the House of Lords during a debate on the position of Austrian refugees in Britain. Robert Cecil, the Lord Privy Seal, after giving a summary of the Austrian policy to date, said "the future political status of Austria must, however, inevitably be influenced by events in Austria -- and outside it -- between now and the hour of Allied victory. . . it must depend among other things, upon the future attitude of the Austrians themselves, the great majority of whom, it must be remembered, are now fighting in the ranks of our enemies."¹⁹

The attitude of Austrian emigre groups in Great Britain was not an unimportant factor in the forming of British public opinion toward Austria. Although there was never an Austrian

¹⁷Winston S. Churchill, The Second World War: The Hinge of Fate (Boston: Houghton Mifflin Co., 1950), p. 914.

¹⁸Idem, The Second World War: Closing the Ring (Boston: Houghton Mifflin Co., 1951), p. 749. For an elaboration of the reasons for Churchill's concept of a Danubian confederation see: Below, pp. 14-15.

¹⁹Great Britain, 5 Parliamentary Debates (Lords), CXXV (1942), 880-81.

government-in-exile, and while the various Austrian exile groups lacked unity, considerable effort was made in Britain both by these groups and the former Austrian Ambassador, Sir George Franckenstein, to publicize the Austrian cause.²⁰ Their actual degree of influence upon British public opinion, however, cannot be ascertained.

What was certain, however, from statements made by British wartime leaders, was an official determination to restore Austria, either as an independent state, or as part of a Danubian confederation. These attitudes, in part, were derived from a feeling of guilt toward Austria because of Britain's inadequate foreign policy in 1938.²¹ They were also formed because of the awareness of a man like Winston Churchill of the necessity of reducing post-war German and Russian influence in Central Europe. Ever since the break-up of the Austro-Hungarian Empire in 1918,

²⁰Mair, "Four Power Control in Austria, 1945-1946," p. 275.

²¹This sense of guilt was noted, in later years, in a speech by E. A. A. Shackleton before the House of Commons in June 1946. He said: "I think we have a special responsibility toward Austria, because it was through our weakness in 1938 that Austria was overrun by Germany. I was in Berlin in those painful days of February and March, 1938, and it was clear unless a decisive word was spoken by this country Austria would be lost -- and Austria was lost. I therefore feel that we have a special responsibility for the unhappy country." Great Britain, 5 Parliamentary Debates (Commons), CDXXIII (1946), 1861.

Churchill had lamented the political and economic vacuum left behind in Central Europe with the loss of the Habsburg federal or imperial structure as a stabilizing force in that vital area of Europe.²²

The American government, in contrast to the British, had no policy toward Austria before 1943. This contrast is important because the American attitude toward the question of post-war Austria at the Moscow Conference of 1943 was clearly influenced by British determination to reconstruct an Austrian state.

It was not surprising that prior to 1943 there was a lack of American statements concerning their attitude toward the reestablishment of an independent Austria. The United States were troubled from a distance about the fast moving events in Europe before 1939, but they were also disturbed over events in the Far East with Japanese expansion and the problem of isolationism at home.²³ When the Anschluss did occur in March 1938, official

²²Winston S. Churchill, The Second World War: The Gathering Storm (Boston: Houghton Mifflin Co., 1948), p. 10; A. J. P. Taylor, The Struggle for Mastery in Europe, 1848-1918 (London: Oxford University Press, 1954), pp. 554-56.

²³Leopold, pp. 531-42; William L. Langer and S. Everett Gleason, The World Crisis and American Foreign Policy: The Challenge to Isolation, 1937-1940 (New York: Harper & Bros., 1952), pp. 11-15; Charles A. Beard, American Foreign Policy in The Making, 1932-1940: A Study in Responsibilities (New Haven: Yale University Press, 1946), pp. 178-80.

concern over its effect on the European political situation did not alter the fact that the United States accepted the elimination of Austria.²⁴ The Anschluss, however, did affect American public opinion in so far as it intensified anti-German feeling present in the United States.²⁵

Although there was a lack of American statements prior to 1943 regarding her attitude toward Austrian sovereignty, the subject did not go entirely without comment in the United States. One indication of American feeling about Austria was a diary entry for October 29, 1943, by Henry L. Stimson, the Secretary of War. Questioning the decision reached at the Moscow Conference that same day to reestablish Austria as an independent state, Stimson's mind reflected on the financial collapse of Austria in 1931.

"They haven't any grasp apparently of the underlying need of proper economic arrangements to make the peace stickIf they restored Austria to her position in which she was left by the Versailles arrangement twenty-five years ago, why they would [sic] reduce her again to a non-self-sustaining state and they don't seem to have that thing in mind at all. Central Europe after the war has got to eat. She has got to be free from tariffs in order to eat."²⁶

²⁴Whitney H. Shepardson, The United States in World Affairs: An Account of American Foreign Relations, 1938 (New York: Harper & Bros., 1939), pp. 45-46; U.S., Department of State, Foreign Relations of the United States: Diplomatic Papers, 1938 (Washington: Government Printing Office, 1955), I, p. 452.

²⁵Arnold J. Toynbee, Survey of International Affairs, 1938 (London: Oxford University Press, 1941), I, p. 597.

²⁶Henry L. Stimson and McGeorge Bundy, On Active Service in Peace and War (New York: Harper & Bros., 1948), p. 567.

Another indication of American feeling about Austrian sovereignty was the attitude taken by the United States government toward the most prominent Austrian exile in America, Otto von Habsburg, who was the eldest son of Charles, the last Austrian Emperor. In efforts to further the Monarchist cause and be recognized as an Austrian government-in-exile, Otto gave lectures throughout the United States. For a brief time he appeared to be making headway. When the War Department proposed to organize a special legion for Americans of Austrian descent in 1942, Otto von Habsburg's military committee received the assignment. There were, however, violent protests from the governments-in-exile of Poland, Czechoslovakia and Yugoslavia. The State Department had to disavow any notion of restoring the Habsburg dynasty, and Otto finally had to admit that not many Americans of Austrian descent were willing to join his legion.²⁷ The final blow to Otto came in October 1943, at the Moscow Conference of Foreign Ministers. The Declaration on Austria which was issued at this conference implied the right of the Austrian people to choose their own form of government.²⁸ Nevertheless, as late as April 1944, Sumner

²⁷Daniel Bell and Leon Dennen, "The System of Governments in Exile," Annals of the American Academy of Political and Social Science, CCXXXII (March, 1944), 143.

²⁸U.S., Department of State Bulletin, "Declaration on Austria" (Washington: Government Printing Office, 1944), IX, p. 310.

Welles, the Under Secretary of State, found it necessary to deny allegations by Professor Ralph Barton Perry, Chairman of the American Defence Harvard Group, that the United States had shown favouritism toward Otto von Habsburg, and to declare that the United States government would aid any group fighting the common enemy, but that this aid would not be in such a form as to prejudice a people's basic right as stated in the Atlantic Charter.²⁹

This denial by Sumner Welles exemplified the lack of specific commitment by the United States toward individual European countries, but the American tendency, during the war years, to avoid defining policies was intentional. It represented a genuine attempt by the United States to elevate their association with foreign powers to general principles of good will, which was a reaction to the secret European diplomacy employed during the First World War.³⁰ The United States also wanted to remain clear of responsibility for the future pattern of relationships within Central and Eastern Europe, since it might lead to a call to keep American troops in Europe permanently.³¹ As a result of these

²⁹Mair, "Four Power Control in Austria, 1945-1946," p. 277.

³⁰Herbert Feis, Churchill, Roosevelt, Stalin: The War They Waged and the Peace They Sought (Princeton: Princeton University Press, 1957), pp. 20-22.

³¹Ibid., p. 212.

attitudes, the Americans overlooked their own importance in European planning, and Great Britain attempted to overcome this tendency through the efforts of her wartime diplomacy.

The Soviet Union, unlike the United States, was more aware of her important position in post-war European planning. When the German annexation of Austria occurred in March 1938, the Soviet Union dreaded its strategic implications to her own security. Ever since the rise of National Socialism in Germany, the U.S.S.R. had been more immediately conscious of the Nazi danger than had the other European powers concerned. This was caused by the extreme Russian sensibility to the problem of security on her western frontiers and also the ideological difference which existed between National Socialism and Marxism.³²

The Soviet awareness to the danger of potential Nazi expansion led the Russian Foreign Minister, Maxim Litvinov, in the closing years before World War Two, to advocate a policy of collective security among the European powers concerned with German expansion.³³

³²U.S., Department of State, Foreign Relations of the United States: Diplomatic Papers, The Soviet Union, 1933-1939 (Washington: Government Printing Office, 1952), pp. 539-41; Max Beloff, The Foreign Policy of Soviet Russia, 1929-1941 (London: Oxford University Press, 1949), II, 1936-1941, p. 120; Wheeler-Bennett, p. 273.

³³George F. Kennan, Russia and the West Under Lenin and Stalin (Boston: Little, Brown & Co., 1961), p. 300; Wheeler-Bennett, p. 279.

Great Britain and France, because of their passive policy toward Nazi Germany, aided the defeat of these Russian efforts, and the Soviet Union became disillusioned by the failure of these West European powers to take heed of Soviet apprehensions.³⁴

Russian disillusionment began with the signing of the Anglo-German Naval Agreement in June 1935, and reached its height, not with the Anschluss of March 1938, but with the abandonment by Britain and France of Czechoslovakia to Germany in September 1938.³⁵ The result of this complete Soviet disillusionment with the Western powers was a temporary rapprochement between the Soviet Union and Germany. This rapprochement saw the signing, in August 1939, of a neutrality and non-aggression pact which was of short-term benefit to both countries.³⁶ Germany was temporarily spared a war on two fronts (so long as it suited her needs), and the Soviet Union gained time to secure herself for an eventual German attack on her western frontiers.

That the Soviet Union would turn to Germany, in August 1939, after her disillusionment with Britain and France could also be

³⁴Ibid.; Frederick L. Schuman, Russia Since 1917 (New York: Alfred A. Knopf, 1957), pp. 197-200.

³⁵Wheeler-Bennett, pp. 279, 392.

³⁶A most informative source for the events leading up to, and the signing of this non-aggression pact is: Gerhard L. Weinberg, Germany and The Soviet Union, 1939-1941 (Leiden: E. J. Brill, 1954).

understood by observing the Stalinist interpretation of European events which led to the Second World War. Joseph Stalin interpreted the appeasement policy of Great Britain and France toward Nazi Germany to be derived from their fear of involvement in a new imperialist war which would possibly result in undesirable social upheavals in those two countries. Also, Stalin said that Britain and France, in their desire to avoid war, would not hinder German expansion eastward and an ensuing Soviet-German conflict in which the belligerents would eventually exhaust each other to the point of having to accept conditions dictated by the Western powers "in the interests of peace."³⁷

In view of the Stalinist interpretation of European events which led to World War Two, and the actual German invasion of the Soviet Union in June 1941, any Soviet policy toward Austria would focus upon the Russian problem of security for her western frontiers and the reduction or elimination of German military power. The March 1938 Anschluss was not only the first overt act of Nazi territorial expansion, but German control of that strategic area of Central Europe opened the way for their further expansion eastward.

The first war-time mention of any Soviet attitude toward Austrian sovereignty occurred in December 1941, when Anthony Eden

³⁷Joseph Stalin, Problems of Leninism (Moscow: Foreign Languages Publishing House, 1953), pp. 753-54.

was sent by Winston Churchill to Moscow to discuss war aims and peace settlements with Stalin, in view of the Soviet entry into the war against Germany. During his talks with Eden, Stalin mentioned Austria in reference to the post-war territorial treatment of Germany. At that time, the Soviet leader proposed the restoration of Austria as an independent state, the detachment of the Rhineland from Prussia, as an independent state or protectorate, and possible the constitution of an independent state of Bavaria.³⁸

Before the October 1943 Moscow Conference of Foreign Ministers, Soviet policy toward Austria was further defined in the Moscow Radio broadcasts transmitted to Austria during the war years. These broadcasts, presented by Ernst Fischer who was to become the post-war leader of the Communist party in Austria, advanced two themes which had been proclaimed at the Seventh Congress of the Comintern which met in Moscow in July and August, 1935 in order to formulate a new method of resisting the growing threat of Fascism in Europe and abroad.³⁹ One theme was the encouragement of Austrian nationalism; and the other theme was the encouragement

³⁸U.S., Department of State, Foreign Relations of the United States: Diplomatic Papers, 1941, General (Washington: Government Printing Office, 1961), I, pp. 192-205; Winston S. Churchill, The Second World War: The Grand Alliance (Boston: Houghton Mifflin Co., 1950), p. 628.

³⁹Hugh Seton-Watson, From Lenin to Malenkov: The History of World Communism (New York: Frederick A. Praeger, 1954), pp. 176-82.

of a union, or National Front, of all political parties to govern a liberated Austria. Nor did the Communists oppose either before, or after, the 1943 Moscow Conference, the proposals put forward by the non-Communist Austrian emigré groups in London for the restoration of the Republican Constitution of 1920, as revised in 1929, as the provisional basis for Austria's post-war political structure.⁴⁰

From the above discussion of the early wartime policy of the Soviet Union toward Austria, two lines of thought can be seen in that policy. On the one hand, this policy was associated with traditional Russian nationalism, as seen in the desire to reduce Germany in part by the reestablishment of an independent Austria. On the other hand, this policy incorporated features of current Communist doctrine, as seen in the Moscow Radio broadcasts encouraging Austrian nationalism among that country's people, and a union, or National Front, of Austrian political parties to govern Austria after her liberation from Germany.

Even if the Austrian policy of the Soviet Union, before the 1943 Moscow Conference, displayed the dualism inherent in Russian foreign relations,⁴¹ that policy, for reasons mentioned, came out strongly for the reconstitution of an independent Austria.

⁴⁰Mair, "Four Power Control in Austria, 1945-1946," p. 278.

⁴¹Beloff, II, p. 391.

These strong feelings about Austria paralleled those of Great Britain, the only other power in the Big Three that made definite policy statements, prior to 1943, regarding the severance of Austria from its forced union with Germany.

Out of necessity, joint Allied planning for Austria, which began in late 1943, and continued until the summer of 1945, evolved around the general problem of Germany.⁴² This point is interesting, because it was Austria, and not Germany, which received a more precisely written occupation agreement. It was this occupation agreement which was formulated over a two-year period that contributed to the relative cooperation of the Allied powers in Austria as compared with the Allied occupation of Germany, where there was neither a central government to carry out Allied Commission decisions nor any precisely written agreement on Western access to Berlin.

As mentioned at the beginning of this discussion, the first joint statement of Allied policy toward Austria emerged at the Foreign Ministers Conference at Moscow in November 1943.⁴³ The background of this conference revealed the necessity of the Allies to talk about and formulate rules to guide policy in the administration of the areas that were being captured from the Germans, or soon would

⁴²Mair, "Four Power Control in Austria, 1945-1946," p. 282.

⁴³Above, p. 5.

be. By December 1943, the Allied powers were winning the war and the above-mentioned problems would have to be faced. Mussolini had been overthrown in Italy, and conflicts were arising in regard to the resistance groups and governments-in-exile in such countries as Greece, Yugoslavia and Czechoslovakia.⁴⁴

In September 1943, both the British and American governments had consulted Moscow about a public statement they wanted to issue defining the course proposed to be followed in enemy territories captured by their forces and in liberated areas on the Allied side in the war. All agreed that democratic governments must be introduced, but the American and British governments thought that as long as the war against Germany continued, the decision concerning the time and degree of participation by ex-enemy and liberated national groups in these areas ought to be left to the Allied military command in each area. The Soviet government, however, had wanted this question to come within the purview of a Military-Political Commission which they had proposed. This proposed Commission did emerge from the Moscow Conference as a committee of diplomatic representatives of the three countries. It was named the European Advisory Commission and was authorized merely to make studies and recommendations.⁴⁵

⁴⁴Feis, pp. 191-206.

⁴⁵Ibid., p. 213; U.S., Department of State, Foreign Relations of the United States: Diplomatic Papers, 1943, General (Washington: Government Printing Office, 1963), I, pp. 517-18, 524-25, 756-57.

Despite the feeling that the war was rapidly being won, the fact was that before the meeting at Moscow, the three main Allies had not yet engaged in any systematic discussion of the main aspects of German surrender and the treatment of Germany thereafter. At Casablanca in 1943, President Roosevelt had put forward the concept of unconditional surrender which was an assurance to the Soviet Union that the Allies were mutually pledged not to make a separate peace with the German foe. Russian actions toward Germany in 1943, in broadcasts and newspaper reports which revealed a tendency toward seeking a separate peace, had caused anxiety to the State Department and the Foreign Office.⁴⁶

It is in this background that President Roosevelt prepared the "Basic Principles Regarding German Surrender" for Cordell Hull to present to Molotov in Moscow. These applied not only to Germany but also to Austria. Apart from unconditional surrender, Germany was to submit to an occupation to be effected by contingents of British, Soviet and American forces; also all Nazis were to be eliminated from the Government and every vestige of the Nazi régime extinguished. Stalin and Molotov were delighted by this proposal, but Molotov said his government was somewhat behind in its study of the post-war treatment of Germany due to preoccupation by her leaders

⁴⁶Robert E. Sherwood, Roosevelt and Hopkins: An Intimate History (New York: Harper & Bros., 1948), p. 696; Feis, pp. 219-20.

with the war. All agreed, however, that Germany should be made to give up all her conquests and return to her pre-1938 borders, and that East Prussia be separated from Germany. This plan was to be referred to the European Advisory Commission which had its seat in London.⁴⁷

By the time Anthony Eden visited Washington in March 1943, the reestablishment of Austria as an independent state had been mentioned and accepted by President Roosevelt.⁴⁸ Both countries in preparation for the Moscow Conference, had written draft declarations pertaining to the restoration of an independent Austria. Upon comparing these drafts in Moscow, the members of the British delegation preferred the American version which was loaned to them and submitted by Anthony Eden to the conference.⁴⁹ When this draft declaration was presented, the Soviet forces were about to liberate Kiev, and Soviet diplomacy, greatly fortified, was to put conditions upon the return of Austrian independence by means of an undefined and unlimited burden of reparations.⁵⁰

⁴⁷Cordell Hull, Memoirs (New York: Macmillan & Co., 1948), pp. 1285-87.

⁴⁸U.S., Department of State, Foreign Relations of the United States: Diplomatic Papers, 1943, The British Commonwealth, Eastern Europe, The Far East (Washington: Government Printing Office, 1963), III, pp. 16, 35; Sherwood, p. 711.

⁴⁹Philip E. Mosely, "The Treaty with Austria," International Organization, IV (1950), 227.

⁵⁰Ibid.

All three foreign ministers agreed that a declaration on Austria should be issued encouraging the Austrians to work their passage home and promising independence. But when the draft declaration was referred to the Drafting Commission, consisting of James C. Dunn, Sir William Strang and Andrei Vyshinsky, the extent of Soviet conditions upon Austrian independence were revealed.⁵¹

During several long sessions, Vyshinsky made determined efforts to insert into the declaration a statement that Austria would bear full political and material responsibility for the war. This wording and its implications were strongly objected to by the British and American delegates who pointed out that Austria ceased to exist as a state in 1938 and could hardly bear "political" responsibility for the war. Material responsibility for the war could mean, in legal terms, that Austria would be obliged to make good all the damage inflicted upon all the United Nations during the course of hostilities and that Austrian property would cover only a small part of these losses. If the three powers wished to see Austria reestablished as an independent state, they should not begin by placing this vast burden on Austria. After considerable argument, the text of the declaration

⁵¹Ibid.

was toned down to read somewhat ambiguously that "Austria is reminded. . .that she has a responsibility which she cannot evade for participation in the war on the side of Hitlerite Germany."⁵²

This ambiguity in the Declaration on Austria developed in part from the basic differences of attitude toward Austria, as presented on the one hand by Soviet Russia, and on the other hand by Great Britain and the United States. This ambiguity was also caused by the extinction of Austria as an independent state in 1938, for there was an uncertainty among the Allied powers concerning the attitude and resistance of the Austrians themselves toward the Nazi occupation. It is now known from historical

⁵²Ibid. The full text of the Declaration, which was issued on October 30, 1943, reads: "The Governments of the United Kingdom, the Soviet Union and the United States of America are agreed that Austria, the first free country to fall a victim to Hitlerite aggression shall be liberated from German domination.

They regard the annexation imposed upon Austria by Germany on March 15th, 1938, as null and void. They consider themselves as in no way bound by any changes effected in Austria since that date. They declare that they wish to see reestablished a free and independent Austria, and thereby to open the way for the Austrian people themselves, as well as those neighboring states which will be faced with similar problems, to find that political and economic security which is the only basis for lasting peace.

Austria is reminded, however, that she has a responsibility which she cannot evade for participation in the war on the side of Hitlerite Germany, and that in the final settlement account will inevitably be taken of her own contribution to her liberation." U.S., Department of State Bulletin, "Declaration on Austria," IX, p. 310.

research that there was a considerable internal resistance movement in Austria, but it was local in nature and not unified.⁵³ Although this knowledge was available in 1955, when the Allied occupation of Austria ended, the factor of Austrian resistance to the German occupation was never taken into account in the final restoration of Austrian independence.

It has been previously mentioned that one of the decisions of the Moscow Conference was the formation of a European Advisory Commission to consider the problem of the course to be followed in enemy territories captured by the Allied forces and in liberated areas on the Allied Side in the war.⁵⁴ Germany had been discussed at Teheran in December 1943, by Churchill, Roosevelt and Stalin. At that time, Roosevelt had suggested the division of Germany into seven parts. Churchill, however, desired the isolation of Prussia and the formation of a Danubian confederation. Stalin was against any Danubian confederation, and in the end it was agreed that the European Advisory Commission should take up the study of the subject.⁵⁵ The Declaration on Austria was also referred to

⁵³Cary Travers Grayson, Jr., Austria's International Position, 1938-1953 (Geneve: Librairie E. Droz, 1953), pp. 33-55.

⁵⁴Above, pp. 24-25.

⁵⁵U.S., Department of State, Foreign Relations of the United States: Diplomatic Papers. The Conferences at Cairo and Teheran, 1943 (Washington: Government Printing Office, 1961), pp. 600-604; Sherwood, p. 797; Churchill, Closing the Ring, p. 401; Feis, p. 275.

the European Advisory Commission, as Austria was part of the German problem.

Strangely enough, the initial British and Soviet proposals presented before the European Advisory Commission in January 1944, for the occupation of Germany, were almost identical.⁵⁶ The only differences were the British advocacy of returning East Prussia to Poland and the Soviet advocacy of a tripartite occupation of Austria, instead of allocating all of Austria to the power that occupied South Germany. These two policies were harmonized, however, when the British withdrew their proposal for East Prussia and accepted the Soviet tripartite occupation proposal for Austria. In making these proposals, Britain and Russia assumed that the United States, because they joined in the Declaration on Austria, would be willing to participate with these countries in the occupation and post-war control of Austria during the period when a free and democratic government was being founded.⁵⁷

For political and military reasons, President Roosevelt and the Joint Chiefs of Staff were initially determined not to

⁵⁶The British had allocated a zone composed of South Germany and Austria for the United States. Northeast Germany was allocated to the Soviet Union. The British would occupy Northwest Germany. Edgar L. Erickson, "The Zoning of Austria," The Annals of The American Academy of Political and Social Science, CCLXVII (January, 1950), 106-07.

⁵⁷Ibid., 106-08.

accept a zone, either in South Germany, as proposed by the British, or participate in the national control of Austria. The political and military reasons for this decision were American isolationist tendency at home, and the desire to re-deploy American troops to Japan as soon as the European war was over. Under the pressure of the American representative on the European Advisory Commission, John C. Winant, who considered it a moral duty that the United States participate in the occupation of Austria, President Roosevelt agreed to American participation in the control of Austria at the national level, but without commitment as to the size of their occupation. This American concession was made in May 1944.⁵⁸

In July and August of 1944, both the British and Russians presented further proposals on the occupation of Austria. The Soviet Union proposed that the three powers should agree to occupy jointly the whole territory of Austria within the national boundaries of December 31, 1937. The British, keeping in mind the Russians and Americans, proposed an occupation based on Anglo-Soviet zones and tripartite control at the national level. This British proposal was eventually shelved for a later one based on quadripartite zones.⁵⁹

Despite the above mentioned proposals, no progress was made in the European Advisory Commission on the zoning of Austria

⁵⁸Ibid.

⁵⁹Ibid., 109.

until after the Roosevelt-Churchill agreement at the Second Quebec Conference in September 1944. In this agreement, President Roosevelt finally accepted an American zone of occupation in the south of Germany.⁶⁰ Previous to the second Quebec Conference, Roosevelt had wanted an American occupation zone in Northwest Germany where the ports there would allow for a speedy re-deployment of American troops to the Pacific war. The American president had also been reluctant to accept an American zone in South Germany because American supply lines would have gone through France which Roosevelt, until September 1944, had feared was ripe for civil war.⁶¹

The American acceptance of an occupation zone in southern Germany did ease their decision to accept an occupation zone in Austria. After the Soviet Union presented a new proposal on November 23, 1944, for the tripartite zoning of Austria, and the tripartite sectioning of Vienna, Winant's military adviser, Brigadier General Vincent Meyer, asked Washington to accept the Soviet proposal. His reasons were three: (1) that once Austrian affairs were stabilized, no more than one division would be required for the occupation of an American zone, (2) the United States decision to

⁶⁰Winston S. Churchill, The Second World War: Triumph and Tragedy (Boston: Houghton Mifflin Co., 1953), p. 160.

⁶¹Feis, pp. 363-64.

occupy a zone in southern Germany had eliminated the seriousness of the logistics problem for the suggested American zone in Austria, (3) experience in Bulgaria showed that unless the United States accepted a full share in the occupation of Austria, her influence would be as token as the force which she contemplated for Vienna. President Roosevelt was persuaded by these reasons, and on December 6, 1944, he said that he would accept a zone in Austria adjacent to Bavaria.⁶²

The final proposal presented for the occupation of Austria came from Great Britain in January 1945. A major reason for this proposal was that France had been awarded equal representation on the European Advisory Commission in November 1944. After the American acceptance of a zone in Austria, France requested one also, and this request was accepted in May 1945. The final British proposal envisaged a quadripartite division of Austria based upon the national boundaries of 1937. Russia would be assigned Lower Austria, the United Kingdom -- Styria, Carinthia and East Tirol, France -- Tirol and Vorarlberg, and the United States -- Salzburg and Upper Austria. The territory of Vienna would be partitioned so that the Innere Stadt was occupied by the forces of the four powers under an inter-Allied Government Authority.

⁶²Erickson, "The Zoning of Austria," 109.

It was this zoning proposal, as suggested by the British and amended by the Russians to give them Upper Austria to the north part of the Danube and the Styrian part of province of Burgenland, which became the arrangement of the final zonal agreement for Austria.⁶³

Conflict arose, however, over the sectioning of Vienna. The Russian delegate on the European Advisory Commission, as a matter of diplomacy, wanted to obtain an agreement first on the major zones, then on the Vienna question, and finally on adjustments to the agreements. In other words, the Soviets wanted three separate agreements, but the Western delegates insisted on an agreement covering all the negotiable issues.⁶⁴

As noted, agreement was readily achieved on the major zones. In regard to Vienna, the Western powers wanted an agreement which was based on the boundaries of the Vienna Gau, relatively equal national sectors, and the Innere Stadt occupied jointly under the control of an inter-Allied Governing Authority. Furthermore, they wanted an airfield for each power in its particular sector and a Covering Report. The Covering Report would be in the form of an agreed directive from the four governments to their respective Commanders-in-Chief in Austria, instructing them with

⁶³Ibid., 110-12.

⁶⁴Ibid.

reference to freedom of movement for Allied forces and Control Commission personnel and supplies throughout Austria, space for recreation and training of the Allied garrison forces in the Vienna area, common use of facilities in Vienna and road, rail and water routes from their respective zones to the sectors of Vienna.⁶⁵

The Soviet Union, on the other hand, wanted a Vienna agreement based on the City of Vienna boundaries, relatively equal sectors with the Innere Stadt in the Russian sector, one airfield (Aspern) in the Soviet sector and under Soviet control for common use by all four powers, and no agreed Covering Report. Rather, it should be left to the Commanders-in-Chief to make arrangements necessary for the Western powers to operate in Vienna in fulfillment of their missions.⁶⁶

In the final European Advisory Commission agreement, which was not signed until July 9, 1945, two months after the end of the war,⁶⁷ the Western powers accepted the City of Vienna boundaries,

⁶⁵Ibid., 112-13.

⁶⁶Ibid., 113.

⁶⁷Disagreement over the zoning of Vienna, and then British hesitancy, until the end of August 1945, to accept responsibility for supplying food to her sector of Vienna, held up the commencement of four power control in Austria until September 1945. F. S. V. Donnison, Civil Affairs and Military Government, North West Europe, 1944-1946 (London: Her Majesty's Stationery Office, 1961), p. 293.

and the Soviet Union yielded on the Innere Stadt and on the Covering Report. The Russians partially yielded on airfields by allocating Tuln to the United States and Schwechat to Great Britain and France, with transit and communication rights between the airfields and Vienna.⁶⁸

During the same week that agreement was reached on the zonal arrangements for Austria, another agreement pertaining to the control machinery for Austria was signed on July 4, 1945, by the British, French, American and Soviet representatives on the European Advisory Commission. The Allied control machinery for Austria was to consist of an Allied Council, and an Executive Committee and staffs appointed by the four governments concerned. Collectively, these bodies would be known as the Allied Commission for Austria.⁶⁹

The Allied Council, which would be the supreme authority in Austria, was to consist of four Military Commissioners acting on instructions from their respective governments, and in the Allied Council their decisions were to be unanimous. Also each Military Commissioner, in his capacity as Commander-in-Chief of

⁶⁸Erickson, "The Zoning of Austria," 113.

⁶⁹Secretariat of the European Advisory Commission, "Agreement on Control Machinery in Austria," Minutes, July 4, 1945, cited in Grayson, Appendix C, Documents, pp. 217-21.

his forces of occupation, would exercise supreme authority in the zone occupied by those forces. The Executive Committee was to consist of one high ranking representative of each of the four Commissioners, and when necessary, they would attend meetings of the Allied Council. Finally, the staffs of the Allied Commission in Vienna, appointed by their respective national authorities, would be organized into administrative divisions.⁷⁰

Together, the Agreement on Control Machinery in Austria and the Agreement on Zones of Occupation in Austria and Administration of the City of Vienna⁷¹ were concisely written Allied occupation arrangements for Austria. While administrative agreements for the occupation régime were achieved, disagreement arose on economic matters when the Soviet Union, at the Potsdam Conference of July 1945, asked for reparations from Austria.

A Reparations Commission for Germany had been established in accordance with the Yalta agreement of February 1945 which would oblige Germany to make compensation "in kind" to the Allied

⁷⁰Ibid.

⁷¹U.S., Department of State Bulletin 2861, "Agreement of Zones of Occupation in Austria and Administration of the City of Vienna," cited in Grayson, Appendix C, Documents, pp. 222-25.

countries for material damages resulting from the war.⁷² At the Yalta Conference, Molotov had proposed that reparations be taken from Germany to the amount of twenty billion dollars -- ten billion to Soviet Russia, eight billion to the United States and Great Britain, and two billion to all others.⁷³ President Roosevelt accepted this amount as a basis for discussion, but during the sessions of the Reparations Commission at Moscow, in June 1945, any mention of a total amount of reparations in terms of money or material goods was eliminated.⁷⁴

At Potsdam, the Big Three agreed that 40% of the reparations for Russia would come from the Soviet zone of Germany, from which the Russians were already seizing industrial equipment unilaterally. The Soviet Union would also be allowed 15% of the industrial equipment marked for reparations in the Western zones, in return for coal, food, timber and so on from their Soviet zone.⁷⁵ But

⁷²U.S., Department of State, Foreign Relations of the United States: Diplomatic Papers, The Conferences at Malta and Yalta, 1945 (Washington: U.S. Government Printing Office, 1955), p. 971.

⁷³Edward R. Stettinius, Jr., Roosevelt and the Russians: The Yalta Conference (New York: Doubleday & Co., 1949), p. 165.

⁷⁴Herbert Feis, Between War and Peace (Princeton: Princeton University Press, 1960), p. 254.

⁷⁵James F. Byrnes, Speaking Frankly (New York: Harper & Bros., 1947), pp. 83-85.

despite this Western concession, Russia desired still more reparations which she deemed necessary in order to rebuild her severely war-damaged economy.⁷⁶

On July 22, 1945, Molotov brought up the question of receiving reparations from Austria, which until her liberation from Germany in April and May, 1945 by British, American and Soviet troops, had still been a part of the German Reich. The Soviet Union wanted \$250,000,000, payable in goods over a six year period, and the Big Three and Yugoslavia were designated as the recipients. Britain and the United States not only denounced any desire for reparations from Austria but maintained that, in accordance with the Moscow Declaration of 1943, Austria should be treated as a liberated territory and not as an enemy country, and no reparations should be extracted from her. Molotov then said the Austrians had wrought great devastation in the Soviet Union and should not go unpunished. When the conference protocol was being examined on August 1, there was an apparent reversal in Russian demands, for the British Prime Minister, Clement Attlee, received confirmation from Stalin that no reparations would be asked from Austria.⁷⁷ This Soviet gesture, however, did not end the question of reparations from Austria.

⁷⁶Feis, Between War and Peace, p. 255.

⁷⁷Byrnes, p. 162.

On the last day of the conference, Stalin casually proposed adding to the list of assets which Soviet Russia could claim as German reparations, the German assets in East Austria. To the Americans, who were aware of the frantic Soviet process of collecting war booty in Austria and elsewhere, refusal to concede Russian ownership of these assets would not change the de facto situation, or so it seemed, and the chief American negotiators, worn out by Soviet methods and eager to come to agreement, accepted Stalin's proposal.⁷⁸

The division of Germany's external assets among the Allies was part of a desperate attempt to achieve a compromise between widely divergent conceptions of the capacity of Germany to provide reparations. In a final hurried compromise, the Soviet Union renounced her claims to Germany's gold. The United States and Great Britain acquired on behalf of the reparations claimants, except the Soviet Union and Poland, all German assets located in the neutral countries of Spain, Switzerland and Sweden. In return, the Soviet Union acquired German assets located in Hungary, Roumania, Bulgaria and Finland. It should be noted that in these four countries, enemy assets had, by the armistices, been placed under the Allied control commissions which were under Soviet direction. Hence, on the last day of the

⁷⁸Mosely, "The Treaty with Austria," 229.

Potsdam Conference, as the heads of governments were anxious to depart, when Stalin asked that the Soviet share of assets include the German assets in East Austria, as well as in the four satellites, President Truman asked only a few questions and gave his consent. With more hesitation, Prime Minister Attlee and his Foreign Minister, Ernest Bevin, followed suit.⁷⁹

This ready acceptance of Stalin's request for the German assets in East Austria is interesting, as its full implications for Austria should have been immediately realized. During one of the earlier sessions of the Potsdam Conference, The British and Americans had questioned the Russians about their seizures of British and American owned equipment in Roumanian oil enterprises. In the war years, the Germans had confiscated this equipment and the Red Army, after their entry into Roumania, seized a large amount of it as war booty and insisted upon the legal right to a large quantity of the equipment which they had left behind. Stalin, Molotov and Vyshinsky maintained that this equipment did not belong to British and American nationals but was German property which

⁷⁹Ibid.

the Russians had a right to confiscate.⁸⁰ This incident should have given the British and American negotiators at Potsdam an insight into the Soviet interpretation of German assets, but unfortunately for post-war Austria they did not realize its full implications at that time.

The decision at the July 1945 Potsdam Conference to award the Soviet Union the German assets in East Austria was the last of the Big Three agreements concerning their war-time planning for the post-war occupation of Austria. Although the question of German assets was later to cause considerable conflict between the Western powers and Russia, the major decision reached in the summer of 1945, besides the Agreement on Zones of Occupation in Austria and Administration of the City of Vienna,⁸¹ was that which established the Allied Control Commission for Austria.

This agreement, which has already been mentioned in reference to the structure of the Control Machinery for Austria,⁸² also reiterated that the signatories had agreed in the Moscow Declaration of 1943 that Austria should be liberated from Germany and reestablished as a free and independent country, based upon her developing a new political and economic security.⁸³ The

⁸⁰Byrnes, p. 75.

⁸¹Above, pp. 31-36.

⁸²Above, pp. 37-38.

⁸³Above, n. 52.

document clearly indicated that the signatories considered the occupation of Austria to be a transitional one, for the Allied Control Machinery was to operate only "until the establishment of a freely elected Austrian Government recognized by the four Powers."⁸⁴ Article 8 covering the primary tasks of the Allied Commission left no doubt that the signatories had committed themselves to reestablish Austria, and Paragraph (e) of that article again intimated that the occupation would be a temporary one.⁸⁵

By the summer of 1946, the political foundations, and to a lesser extent, the economic foundations necessary for Austria to survive as an independent country had been attained. But the occupation did not come to an end. Rather it continued for another nine years. What effect those misunderstandings between the Soviet Union and the United States which came to divide the world in the post-war era had on Austria and the practicality of ending the occupation of that country shall be delineated in subsequent chapters.

⁸⁴Secretariat of the European Advisory Commission, "Agreement on Control Machinery in Austria," cited in Grayson, Appendix C, Documents, p. 221.

⁸⁵Ibid., pp. 219-20.

CHAPTER II

A SURVEY OF POLITICAL AND ECONOMIC RESTORATION POLICIES IN AUSTRIA

Four-power control of Austria began in September 1945, seven months after the war in Europe had ended. The delay was the result of the disagreement in the European Advisory Commission in London, until July 1945, over the zoning of Vienna, and then British hesitancy, until the end of August 1945, to accept responsibility for supplying food to her sector of Vienna.¹ It was not until September 11, 1945, that the Allied Council convened to declare itself the supreme authority in Austria in order to oversee the restoration of that country's political and economic institutions.²

The most difficult task which faced the Allied Council was the revival of the Austrian economy. With the cessation of hostilities and the abrupt separation from Germany in 1945, Austria fell into a state of economic chaos. And it was not until the early 1950's, after Austria had received outside

¹F. S. V. Donnison, Civil Affairs and Military Government, North West Europe, 1944-1946 (London: Her Majesty's Stationery Office, 1961), p. 293.

²Allied Commission for Austria, "Proclamation to the Austrian People," Annex 5, Allied Council Minutes (Unofficial U.S.), September 11, 1945. Cited hereafter as Allied Council Minutes.

economic assistance from the United National Relief and Rehabilitation Administration (U.N.R.R.A.) and Marshall Plan aid from the United States, that her economy reached a state of relative stability and prosperity.

On the other hand, the ease with which Austria achieved political stability after the Second World War contrasted with her economic difficulties. After seven years of German occupation, the dominant political parties of the first Republic, which were the Catholic supported Christian Social Party and the Social Democratic Party, had respectively modified their extreme clerical and Marxist views. These two political groups, the former renamed the People's Party and detached from any clerical connection,³ and the latter renamed the Socialist Party, became the makers of the second Republic's political institutions. The combined strength of these two parties was too powerful a combination to enable the Austrian Communists to penetrate Austria's revived political institutions in spite of the initial encouragement given to the Communists by the Soviet occupation officials. Also, the presence of the Western occupation powers in Austria was an additional support

³In the second Republic, the Church has fortunately taken a wise step to remove itself from the direct sphere of politics, but the factor of the Church moulding people's attitudes can never be left out of account. Louise Powelson, "The Political Parties of Austria, 1945-1951" (unpublished Ph.D. dissertation, Department of History, Yale University, 1952), p. 159.

for the People's Party and the Socialist Party to thwart any Communist political motives to strengthen themselves in Austria.⁴ By the end of 1945, Austria had a freely elected coalition government of the two dominant political parties which has become a permanent feature of politics in the second Republic. And by the summer of 1946, the four occupation powers, in accordance with Article 14 of the Agreement on Control Machinery for Austria,⁵ signed a New Control Agreement which considerably reduced their authority over Austrian domestic and foreign affairs.

As mentioned above, the economic revival of Austria was the most difficult problem which the Allied Council had to consider. This problem resulted not just from war-time devastation or the absorption of the Austrian economy into the Third Reich in 1938 but could be traced back to 1919. Ever since the dissolution of the Habsburg Empire and the creation of the first Republic, Austria had been faced with a need to overcome

⁴Karl Gruber, "Austria Holds On," Foreign Affairs, XXVI (April, 1948), 478.

⁵Article 14 reads: "The nature and extent of the Allied direction and guidance which will be required after the establishment of a freely elected Austrian Government recognised by the four Powers will form the subject of a separate agreement between those Powers." Secretariat of the European Advisory Commission, "Agreement on Control Machinery in Austria," Minutes, July 4, 1945, cited in Cary Travers Grayson, Jr., Austria's International Position, 1938-1953 (Geneve: Librairie E. Droz, 1953), Appendix C, Documents, p. 221.

economic instability. The integrated economy of the Habsburg Empire was lost in late 1918 when the Empire disintegrated and the successor states of the Danubian basin fell prey to economic nationalism. But even taking into account the Great Depression of the early 1930's, Austria by 1937 was developing some foundations necessary for economic stability. Her mineral and water resources were being developed, and she had become 75% self-supporting in food requirements. Moreover, the tourist trade was encouraged and contributed badly-needed foreign currencies to the treasury.⁶

When the Anschluss occurred in 1938, Germany not only acquired Austria's mineral and water resources but all of her gold and foreign exchange. Also, every commercial, financial or industrial enterprise of any importance was brought under German control through the purchasing of necessary capital shares, or by outright seizure, the latter course being part of the National Socialist anti-semitic programme. Exploitation of Austrian industry was greatest in those enterprises which could

⁶George Walter Hoffman, "The Growth and Decline of Austria, A Political and Historical Geography" (Unpublished Ph.D. dissertation, Dept. of Geography, University of Michigan, 1950), pp. 216-20. For general works on the inter-war economic problems of the Danubian basin see: K. W. Rothschild, Austria's Economic Development between the Two Wars (London: Muller Ltd., 1947) and Frederick Hertz, The Economic Problem of the Danubian States: A Study in Economic Nationalism (London: Victor Gollancz Ltd., 1947).

directly contribute to the German war effort and new industries were created in Western Austria.⁷ These newly created industries, such as the iron and steel works and hydroelectric power plants, were to be of potential benefit to Austria after 1945. But agriculture and the light and consumer goods industries, all of which were an important factor in stabilizing the Austrian economy before 1938, suffered a severe setback. Light and consumer goods industries were unimportant to the German war-time economy, and Germany gave preference to obtaining food supplies from her other conquered and dependent lands of Central and East Europe. Austrian agricultural workers, to a great extent, were put to work in industries or entered the German army.⁸

As the Allied armies occupied Austria in the spring of 1945, the war-time economy developed by Germany ceased functioning, the people in the cities were near starvation and the whole country was flooded with worthless German currency. These problems were immediately aggravated because Austria was divided into four zones of occupation, into and out of which there was no free movement of goods. Within each zone, each

⁷Raphael Lemkin, Axis Rule in Occupied Europe (Washington: Carnegie Endowment for International Peace, 1944), p. 287; Rothschild, Austria's Economic Development between the Two Wars, p. 88.

⁸K. W. Rothschild, The Austrian Economy Since 1945 (Aberdeen: University Press, 1950), pp. 2-3.

occupation power pursued its own economic policy, the most striking example being the Soviet wholesale removal of industrial equipment as war booty or German assets.⁹ Because formal quadripartite control of Austria did not begin until September 1945, four months after the initial occupation commenced, and the authority of the Austrian provisional government was not extended throughout Austria until October 1945,¹⁰ there could be little coordinated effort by the Allied powers during that time to alleviate Austria's severe economic plight.

When formal quadripartite control began on September 11, 1945, the most pressing economic problem facing Austria was her food supply. Not only had Austrian agriculture suffered under the German occupation, but fighting in the spring of 1945 on the farming area of East Austria and the Red Army's living off the land ended the possibility of any crops for 1945. By May 1945, the daily ration in Vienna had fallen to a near starvation level of 350 calories, but after an appeal by the provisional chancellor, Karl Renner, to Marshal Tolbukhin, Commander of the Soviet occupation forces in Austria, the Russians distributed some food for Vienna and temporarily

⁹"The Austrian Scene," The Economist (May 4, 1946), pp. 702-03.

¹⁰Below, p. 70.

saved the city from starvation.¹¹ Through the efforts of Winston Churchill at Potsdam in July 1945, Stalin agreed to further Russian assistance in feeding Vienna and the ration level soon rose to 800 calories.¹² The food situation in the Western zones was similar to that in Vienna, but unlike East Austria which had food growing potentialities, the mountainous terrain of West Austria made the area largely unsuitable for agriculture. Furthermore, the food problem in the Western zones was aggravated by the influx of refugees from Eastern Europe who fled in advance of the Red Army.¹³

Unfortunately, the four occupation powers were unable to solve the Austrian food deficit through their own efforts. The problem was first discussed at the Allied Council meeting on September 11, 1945. At that time the British, French and American High Commissioners expressed a hope that Austria's pre-war source of food from the Danubian countries would be reestablished. However, the Soviet High Commissioner, Ivan Koniev, stated it would be impossible to consider meeting

¹¹John Mair, "Four Power control in Austria, 1945-1946," Survey of International Affairs, 1939-1946, ed. Arnold Toynbee (London: Oxford University Press, 1956), p. 340.

¹²James F. Byrnes, Speaking Frankly (New York: Harper & Bros., 1947), p. 161

¹³Mair, "Four Power Control in Austria, 1945-1946," p. 340.

Austria's food deficit from pre-war sources because of crop failures in East Europe.¹⁴ A month later, the Allied Council received a directive from the September 1945 Conference of Foreign Ministers asking that the food ration in Austria be raised to 2,000 calories, but the directive did not say where the food supplies could be obtained.¹⁵ Because the Allied Council had not solved the food problem in Austria, the four occupation powers decided to apply to the United Nations Relief and Rehabilitation Administration for aid in obtaining food supplies.¹⁶

U.N.R.R.A. had been organized in November 1943, initially through British encouragement, to foster immediate post-war relief and rehabilitation to the devastated, liberated countries of Europe, and at the end of the war the United States was the major contributor to U.N.R.R.A. relief supplies.¹⁷ The Allied Council applied for U.N.R.R.A. assistance on December 11, 1945, and the final agreement was signed on April 5, 1946, at which time U.N.R.R.A. accepted responsibility for feeding Austria.¹⁸

¹⁴Allied Council Minutes, September 11, 1945.

¹⁵Ibid., October 8, 1945.

¹⁶Ibid., October 16, 1945.

¹⁷George Woodbridge, et al., The History of the United Nations Relief and Rehabilitation Administration (New York: Columbia University Press, 1950), I, pp. 3-32.

¹⁸Allied Council Minutes, December 11, 1945, April 5, 1946.

To assist the beginning of U.N.R.R.A. operations in Austria, the United States and Great Britain agreed to give that organization a ninety-day reserve of food from their occupation supplies, and the Soviet Union agreed to stock a thirty-day supply of food.¹⁹

U.N.R.R.A.'s operations in Austria, which began in April 1946, continued until June 30, 1947. During that time a total of \$136,000,000 in aid was sent to that country. Over 75% of this allotment was for food, and the remainder was used for agricultural rehabilitation. The distribution of U.N.R.R.A. aid in Austria was carried out by means of a national distribution system without regard for zonal barriers; hence, the U.N.R.R.A. programme was definitely a contributing factor in preserving the economic unity of Austria.²⁰

Although the outside assistance of U.N.R.R.A. had to be requested for the commencement of the agricultural rehabilitation of Austria, the beginning of industrial recovery occurred through the efforts of the Austrian people themselves. As previously mentioned, one of the effects of German control of the Austrian economy was the decline of the light and consumer goods industries whose development before 1938 had been an

¹⁹The New York Times, April 2, 11, 1946.

²⁰Woodbridge, et al., II, pp. 307-11.

important factor toward stabilizing Austria's economy.²¹ By the spring of 1945, Austrian industry had also suffered severe losses on account of war damage which reduced the industrial capacity of the country by 40%. In East Austria industrial capacity was sometimes reduced by 80% because of Russian seizures and dismantling of factories as war booty or German assets.²² During 1945, any organized attempts to begin repairing this war damage, in order to activate the Austrian economy, were thwarted not only by a breakdown in transportation facilities, but also by the zonal barriers of the occupation forces. The zonal barriers prevented any free movement of goods or materials in Austria between the German developed primary industries of Western Austria and the secondary industries located in or near Vienna.²³ In January 1946, however, the occupation powers did agree to allow the free movement of surplus goods or materials only from one zone to another.²⁴

Fortunately, two economic developments during 1945 prevented a complete breakdown of production. One development was the part played by the more adaptable small scale enterprises

²¹Above, p. 49.

²²Franz Heissenberger, The Economic Reconstruction of Austria, 1945-1952 (Washington: Library of Congress, 1953) p. 20.

²³Rothschild, The Austrian Economy Since 1945, p. 13.

²⁴Allied Council Minutes, January 22, 1946.

and shops which managed "by ingeneous methods to keep some sort of production going and carry out some of the immense repair work that was necessary in every field to lay the foundation of a somewhat more normal economic and social life."²⁵ The other development was the inflation of the Austrian currency at the beginning of 1946 which stimulated reconstruction work.²⁶ Toward the end of 1945, a Currency Conversion Law of the Austrian National Assembly had been approved by the Allied Council so that a single Austrian currency could be established to replace the German and Allied military monies circulating in Austria since the beginning of the occupation.²⁷ Large denominations of Reich marks and Allied military schillings were to be exchanged for Austrian national schillings between December 13 and 20, 1945, whereas small denominations would be withdrawn from circulation by extending the July 1945 Austrian Central Bank policy of blocked accounts throughout Austria.²⁸ Nevertheless, this policy still left a wide gap between money in circulation and the supply of goods available at official prices, and the new Austrian currency suffered from inflation. This currency inflation, however, did encourage money

²⁵Rothschild, The Austrian Economy Since 1945, p. 16.

²⁶Ibid., p. 18.

²⁷Allied Council Minutes, November 16, 1945.

²⁸Banking institutions were required to freeze 60% of all savings and current accounts, and limited withdrawals were allowed on the remaining 40%. Rothschild, The Austrian Economy Since 1945, p. 21.

speculators to invest in the reconstruction of war damaged enterprises and this activity swelled the employment ranks.²⁹ But the most important effect of the Currency Conversion Law was that, like U.N.R.R.A. aid four months later, the currency conversion maintained the economic unity of the country. From late December 1945, there was only one official currency used in all the occupation zones of Austria.

Although the currency inflation of 1946 contributed to a rise in Austrian industrial activity, this tendency was only temporary. The severe winter of 1946 and 1947 brought many industries almost to a complete standstill because of critical fuel and power shortages which were not overcome until the summer of 1947 when coal supplies, financed by the United States, began arriving from the Western zones of Germany. But besides this setback in industrial activity, the inflationary wave began to gather momentum again in the summer of 1947, and there was a further gap produced between real income and the rise in price of consumer goods.³⁰ In December 1947, recourse again had to be taken through another currency conversion by which existing bank notes were exchanged for new ones in a ratio of three to one.³¹

²⁹Ibid., p. 18

³⁰Ibid., pp. 41-46.

³¹Allied Council Minutes, December 12, 1947.

But it still proved impossible to stabilize the Austrian economy. With the beginning of the European Recovery Programme (Marshall Plan) in April 1948, the Austrian government did not attempt a long-term programme for stabilizing the economy.³² Between April 1948 and the beginning of 1952, Austria received almost one billion dollars in Marshall Plan aid from the United States, and much of this aid was used to subsidize consumer goods or went into long-term state investments which could not yield any comparable short-term return in current production. Furthermore, the smaller craft industries whose parallel recovery was essential to a balanced economy, received little aid.³³

It was only at the end of 1951, with the prospect of the end of Marshall Plan aid, that the Austrian government took systematic measures to stabilize the economy. The programme followed was conservative in nature and consisted of a tighter money policy and austerity budgets. In December 1951, the bank rate was raised from 3.5% to 6% and was dropped again only in 1954 when the immediate object of steadying the currency had been achieved.³⁴ Also, the government budget was

³²Herbert Pierre Secher, "The Problem of the Austrian State: The Post-World War II Experience" (Unpublished Ph.D. dissertation, Department of History, University of Wisconsin, 1953), pp. 230-32.

³³Ibid., p. 236; Richard Hiscocks, The Rebirth of Austria (London: Oxford University Press, 1953), pp. 99-120.

³⁴Secher, "The Problem of the Austrian State," p. 248; Great Britain, Commercial Relations and Exports Department, Overseas Economic Surveys: Austria (London: Her Majesty's Stationery Office, 1957), pp. 9-10.

reduced through efforts to make public services such as railroads operate in a profitable manner and by the gradual removal of all subsidies on consumer goods.³⁵ This sounder financial policy, along with the general European economic revival in the early 1950's did see the country returning to a state of relative stability and prosperity.

By 1955, when the Allied occupation ended, the Austrian economy had achieved a greater stability than was registered before the 1938 Anschluss. In agriculture, the 75% self-sufficiency figure of 1937 had been raised to 84% which greatly reduced the drain on Austria's foreign exchange reserves. In industry, the imbalanced war-time economy had been readjusted to a peace-time economy and the general level of industrial output, relative to 1937, had been doubled. The dual recovery in agriculture and industry also had a beneficial effect on Austria's trading position. In 1953, Austria achieved a positive trade balance for the first time in her history.³⁶ Nevertheless, this economic recovery would not have been possible without the outside assistance from U.N.R.R.A. or the American-sponsored Marshall Plan aid.

³⁵Secher, "The Problem of the Austrian State," p. 249.

³⁶Great Britain, Commercial Relations and Exports Department, Overseas Economic Surveys: Austria, pp. 9, 15, 32.

The economic problems which plagued Austria after 1945, however, stood in marked contrast to the ease with which Austria achieved political stability. The creation of some kind of central administration had been the aim of the European Advisory Commission in early 1945 when that body set up the Control Machinery for Austria.³⁷ The reason for this desire to establish a strong central government was due to the decentralizing forces of Socialist Vienna and the conservative country-side which helped to cause the failure of parliamentary democracy in the first Republic. This failure, however, did not have its roots in the first Republic, but in the Habsburg Empire.

By the imperial decrees of 1860 and 1862, the Austrian Emperor, Franz Joseph, had created a one chamber (Reichsrat) parliamentary system as a concession to the middle classes of the Empire. But the extreme nationalism of the groups represented in the federal legislature, which was given only advisory powers, resulted in the failure of the national groups of the Empire to evolve an institution representing responsible political parties. Consequently, the government of the Empire continued to be

³⁷Article 8 (c) stated that one of the primary tasks of the Allied Commission was "to secure the establishment, as soon as possible, of a central Austrian administrative machine." Secretariat of the European Advisory Commission, "Agreement on Control Machinery in Austria," Minutes, July 4, 1945, cited in Grayson, Appendix C, Documents, pp. 219-20.

carried on through the German-dominated administrative bureaucracy which was responsible solely to the Emperor.³⁸

When the Empire collapsed in late 1918, the German-speaking deputies of the Imperial Reichsrat assembled in Vienna to proclaim a democratic republic which would consist of the German-speaking areas of the former Habsburg Empire.³⁹ The two German-speaking political groups which assembled were the Christian Social Party and the Social Democratic Party. The Christian Social Party, which had a strong Catholic religious affiliation, had been created in the 1890's by discontented elements in Austria, principally the small shopkeepers of Vienna, the peasantry of the German-speaking Alpine provinces and the clergy.⁴⁰ In the new Republic, however, the Christian Socials became a party of all adversaries of the social labour movement.⁴¹ The Austrian Social Democratic Party had been founded in the late 1880's and had made great gains in Vienna and in some of the other industrial centers. The Social Democrats combined a strong union movement with the radical economic doctrine of the socialization of the means of production. Also, the Social Democrats believed that their economic doctrines would be put into practice when they became the majority political

³⁸A. J. P. Taylor, The Habsburg Monarchy, 1809-1918 (London: Hamish Hamilton, 1948), pp. 109-20.

³⁹Charles A. Gullick, Austria From Habsburg to Hitler (Berkeley: University of California Press, 1948), I, pp. 48-62.

⁴⁰Taylor, p. 176.

⁴¹Gullick, I, pp. 692-94.

party in Austria.⁴² During the first Republic, however, the Social Democrats never achieved a majority, and instead of working with the Christian Social-dominated federal government as a loyal opposition, they became adherents of permanent opposition to the federal government and concentrated on maintaining their control over the province and capital, Vienna.⁴³ By 1934, parliamentary democracy had failed in Austria, and from that time until the 1938 Anschluss, the first Republic entered into a period of clerical-fascism under the régimes of Engelbert Dollfuss and Kurt von Schuschnigg.

Although one of the aims of the Allied Commission for Austria was to secure the establishment of a central Austrian administration, the Soviet occupation authorities took this problem into their own hands and sponsored a provisional Austrian government in May 1945. The creation of this provisional government followed the Red Army's pattern of setting up coalition, or popular front, governments in Roumania, Bulgaria and Hungary as the Russians entered these countries during their western advance toward Germany.⁴⁴

⁴²Taylor, pp. 176-77.

⁴³Gulick, I, pp. 752-66.

⁴⁴For the pattern of Communist domination in these countries see: Hugh Seton-Watson, The East European Revolution (3d ed. rev.; New York: Frederick A. Praeger, 1956).

In Austria, this provisional government was headed by Karl Renner, a former Socialist chancellor of the first Republic.⁴⁵ But it was quite by accident that Renner became the head of this government. He had sought out the Soviet occupation authorities just after their entry into Austria on April 9, 1945, to ask for Russian moderation in their treatment of villagers near the Hungarian border. This first meeting led to talks with A. S. Zheltov, the second ranking Soviet officer in Austria, to whom the former chancellor then expressed his wish to aid the Red Army to shorten their war in Austria. On April 21, 1945, Renner was taken to Vienna in order to assist in the formation of a provisional Austrian government to aid in the administration of Austrian affairs during the period of transition from war to peace.⁴⁶

By the time Renner arrived in Vienna, the old political parties had already begun to re-emerge from their long period of inactivity, and he commenced discussions with a number of leading politicians from the days of the first Republic -- among them Leopold Kunschak, leader of the former Christian Social Party, Adolf Scharf of the old Social Democratic

⁴⁵Karl Renner was a member of the National Assembly of the first Republic from 1918 to 1920. He was chancellor from 1919 to 1920 and then Minister of Foreign Affairs in 1920. After 1920, he was again a member of the National Assembly from that time until 1934. The International Who's Who, 1947 (11 ed.; New York: Ziff-Davis, 1947), p. 736.

⁴⁶Hiscocks, pp. 20-22.

Party, and the Communists Ernst Fischer and Johann Koplenig.⁴⁷ When negotiations began on the composition of the provisional government, heated controversy arose, for none of the personalities of the three political parties assembled wanted to entrust one party only with its formation. The only way out of this deadlock was to use the same method of allotting representation that had been agreed upon at the municipal level in Vienna. At that level, before Renner had arrived in Vienna, the Socialists, Communists and Christian Socials had worked out a ratio by which the Socialists occupied the mayor's office and half the city government, with the rest of the posts going in a fifty-fifty ratio to the Christian Socials and to the Communists. This same form of representation

⁴⁷Leopold Kunschak became leader of the Christian Social Party in 1892 and was a member of the Imperial Reichsrat from 1907 to 1911. In the first Republic, he was a member of the National Assembly from 1919 to 1934. During the war years, he was imprisoned by the Nazis. Ernst Fischer was originally a member of the Social Democratic Party, but after 1934 he went to Moscow and became the spokesman of the Austrian Communist Party. During the war years, he was one of the leading propagandists who broadcast in German from Moscow. Johann Koplenig was leader of the Austrian Communist Party during the first Republic, but left for Moscow in 1934 where he stayed until the end of the war. The International Who's Who, 1947, pp. 264, 470, 479. Adolf Scharf was not a prominent member of the Social Democratic Party during the first Republic. He had been one of the organizers of the Workers Educational Institutes of the City of Vienna. Secher, "The Problem of the Austrian State," p. 79.

was agreed upon for the federal level, but the Communists, for reasons which are unclear, managed to obtain control of the Interior and Education ministries despite the strenuous objections of the other parties. Nevertheless, agreement was finally reached which provided that, ideally, every cabinet member of one party would be given two under-secretaries of the other parties and that by means of this tripartite arrangement each party would be able to exercise control over all the others while at the same time all would be held collectively responsible for each others' policies and decisions.⁴⁸ On April 27, 1945, the provisional government issued a formal proclamation of the second Austrian Republic, and on April 29, the Soviet Union gave formal recognition to the new Republic.⁴⁹

The legal situation that faced the provisional government when it took office was very complex. The most urgent need was to define the constitutional position of the government. This was done with the help of two constitutional laws that were approved on May 13, 1945 and made effective from May 1, 1945.⁵⁰ The first of these declared that the 1920

⁴⁸Powelson, "The Political Parties of Austria, 1945-1951," pp. 66-70; Secher, "The Problem of the Austrian State," pp. 44-45.

⁴⁹Mair, "Four Power Control in Austria, 1945-1946," p. 300.

⁵⁰Robert E. Clute, The International Legal Status of Austria, 1938-1955 (The Hague: Martinus Nijhoff, 1962), pp. 28-29.

constitution, as revised in 1929, was again in force.⁵¹

The second constitutional law modified the first by stating that until the formation of a government based on free elections the provisional government was to exercise the

⁵¹The 1920 constitution provided for a two-chamber legislature consisting of a lower house, the National Assembly (Nationalrat), and an upper house, the Federal Assembly (Bundesrat) which represented the provinces separately but not equally. Also, Vienna, upon the insistence of the Social Democrats, entered the federal union as a province. The pivot of the whole political structure was the National Assembly. Membership to that chamber was determined by direct elections every four years on the basis of complete universal suffrage. The National Assembly also elected the federal cabinet, headed by a chancellor; hence the cabinet was completely under the control of the National Assembly. The constitution of 1920 also provided for the election of a president by the two chambers sitting jointly, but the president had no rights or powers vis-à-vis the National Assembly. Every presidential act had to be countersigned by the chancellor or by another member of the cabinet, all of whom were individually responsible to the National Assembly. The president, therefore, was not the master of the National Assembly but its servant. In 1929, the Christian Social Party, in order to protect themselves against the growing power of the Social Democratic Party, revised the 1920 constitution. The object of the revisions was to strengthen the executive at the expense of the National Assembly, for the Christian Socials reasoned that a nationally elected executive would always be conservative even if the National Assembly went Socialist. The consent of the Social Democrats to these revisions was obtained by modifying demands for further centralization of the government which would have largely nullified the semi-independent status of Socialist-controlled Vienna. The revised constitution provided that the president would be elected by direct popular vote and his term of office was extended from four years to six. The president could also appoint the cabinet though the confidence of the National Assembly was still necessary. The president could also dissolve the National Assembly, and to further strengthen the executive, the president was given the power to issue emergency decrees. Secher, "The Problem of the Austrian State," pp. 48-54.

supreme executive power in the state and the legislative authority previously held by the National Assembly and the provincial assemblies. It was of immediate importance also to settle the question of the legislation and decrees issued by the German government since the Anschluss. They could not be repealed en masse without causing great confusion. A further constitutional law was therefore passed, that was also to be effective from May 1, 1945, stating that all laws and decrees incompatible with a free and independent Austrian state were annulled. The government would, after investigation, give notice of those that were invalid. The remainder would for the time being have the force of Austrian law.⁵²

Although the Renner government was recognized by the Soviet Union as the legal provisional government for all Austria, its authority extended only from Vienna to the areas of Lower Austria which the Red Army occupied, and the Western occupation powers would have nothing to do with this Soviet-sponsored government. The British Foreign Office objected to the Renner government for two reasons; it was Viennese and not Austrian, and the Communist Party had more strength in the provisional government than it would be entitled to if a free popular vote could be taken. Also, the Foreign Office believed that because

⁵²Clute, p. 29.

the Ministry of the Interior was held by a Communist, Franz Honner,⁵³ there would be Communist interference whenever free elections should be held in Austria. On the other hand, the American State Department, apart from thinking that British criticism of the provisional government was justified, was more in sympathy with Karl Renner because of his ability to hold the improvised régime together in view of the presence of the Red Army in Vienna and Lower Austria.⁵⁴

It was this sympathy which made the American State Department willing to regard the Renner government as the basis for a more representative régime that could administer Austria's affairs under the direction of the Allied Council until elections were held.⁵⁵ When Karl Renner asked the Allied Council's permission to call a provincial conference for the purpose of reorganizing the provisional government, Mark Clark, the American High Commissioner, encouraged this measure. He believed there was a possibility that Renner could broaden the

⁵³Franz Honner was a trade union official for the radical section of coal miners from Furenbach during the first Republic. After 1934, he became leader of the Austrian Communist underground movement and then left Austria for Moscow. During the war years, he left Moscow and went to Yugoslavia where he joined Tito's resistance forces. The International Who's Who, 1947, p. 388.

⁵⁴The New York Times, September 11, 1945.

⁵⁵Ibid., September 13, 1945.

representation in the provisional government, and then the Western occupation powers could decide whether or not they would accept and recognize that government. The Allied Council accepted Renner's proposal and the agreed object of the conference was to consider the broadening or reorganization of the provisional government.⁵⁶

This provincial conference, which opened in Vienna on September 24, 1945, did see the broadening and reorganization of the provisional government. The government was broadened by the inclusion of new People's Party (formerly the Christian Social Party) ministers from the provinces, including a secretariat for Foreign Affairs, a Minister of State for Property Control, as well as the appointment of several under-secretaries who were also from the provinces. Furthermore, the general distrust and uneasiness about a Communist occupying the post of Minister of the Interior was noted when the provincial conference created a commission of five (two members of the People's Party, two Socialists, and one Communist) in this office to supervise the preparation of elections and to exercise control over matters of public security. The net result was a slight shift toward provincial representation, greater representation

⁵⁶Allied Council Minutes, September 20, 1945.

for the People's Party, and, at the same time, a definite check on the possibilities of a Communist coup.⁵⁷

Despite these changes in the government, which were endorsed by the whole provincial conference, British occupation officials still voiced objections. They did not trust the Communist Minister of the Interior, Franz Honner, and doubted if the election arrangements would ensure fair elections.⁵⁸ American, French and Soviet occupation officials, however, were satisfied with the reorganization of the provisional government. But at the Allied Council meeting on October 1, 1945, the British High Commissioner, Richard L. McCreery, agreed to recommend to his government the extension of the authority of the Austrian provisional government throughout Austria provided that general elections were held not later than December 31, 1945.⁵⁹ On October 20, 1945, the Allied Council informed Karl Renner that the Austrian provisional government was formally recognized by the governments of the occupation powers.⁶⁰ The Soviet occupation officials probably agreed to this recognition in the belief that the Austrian Communist Party would poll at least 30% of the popular vote in any general election.⁶¹

⁵⁷The New York Times, September 27, 1945.

⁵⁸Ibid., September 30, 1945.

⁵⁹Allied Council Minutes, October 1, 1945.

⁶⁰Ibid., October 20, 1945.

⁶¹William Lloyd Stearman, The Soviet Union and The Occupation of Austria: An Analysis of Soviet Policy in Austria, 1945-1955 (Zurich: Sieglar & Co., 1961), n. 11, p. 36.

One month later, on November 25, 1945, Austria held her first post-war general elections, based on four-power approval of the electoral law of the first Republic which was modified by the provisional government to disenfranchise National Socialists and candidates for Party membership unless they could prove that they had suffered political persecution under the Nazi occupation.⁶² The election turnout was heavy with the 93% of those eligible (500,000 National Socialists had been disenfranchised) participating in the first national elections since 1930 and the first provincial elections since 1932. When the election results were announced, the conservative People's Party had polled 50% of the vote and emerged with 85 of the 165 seats in the National Assembly. The Socialist Party, with 45% of the vote, obtained 76 seats, and the Communist Party, which had hoped to poll at least 30% of the popular vote, achieved only 5% and obtained four seats.⁶³ This crushing Communist defeat was generally attributed to a popular reaction against the arbitrary behaviour of the Red Army during the liberation of Austria in April and May, 1945.⁶⁴

Immediately after the elections, the provisional government resigned and a new national coalition government

⁶²Allied Council Minutes, October 30, 1945.

⁶³The New York Times, November 28, 1945.

⁶⁴Hiscocks, pp. 42-43.

was formed by Leopold Figl,⁶⁵ the leader of the People's Party, and the new chancellor. Although the new government was officially a coalition of three political parties, the Communist Party, in conforming with its poor election standing, lost both the Ministries of Education and Interior which they had held in the provisional government. However, a new and relatively unimportant Ministry of Electrification was created and headed by a Communist.⁶⁶ The four occupation powers approved the new Figl government on December 18, 1945,⁶⁷ and on January 7, 1946, Great Britain, France, the United States and Soviet Russia gave de jure recognition to the Austrian national coalition government.⁶⁸

This coalition form of government has become a permanent feature of post-war Austrian politics because the two political parties which make up the coalition (the Communists dropped out of the government in 1947) command most of the popular

⁶⁵Leopold Figl had been active in the Farmers League of the Christian Social Party during the first Republic, and in 1934 he became director of the League. Under the clerical-fascist régimes of Dollfuss and Schuschnigg, he organized the Lower Austrian branch of the Ostmarkian Storm Troops which was the Austrian version of the National Socialist Storm Troops. Secher, "The Problem of the Austrian State," p. 73.

⁶⁶Grayson, p. 86.

⁶⁷Allied Council Minutes, December 18, 1945.

⁶⁸The New York Times, January 8, 1946.

vote. In the later general elections of 1949 and 1953, when 500,000 former National Socialists were allowed to vote, the Socialist and People's Parties together polled approximately 80% of the total vote. The Communist Party never obtained more than 5% of the popular vote in these elections, and the extreme right-wing League of Independents, which was formed in 1949, polled no more than 12%.⁶⁹

Political stability in the second Republic has been achieved through the so-called Proporz agreement of the People's Party and the Socialist Party and also through the power which these two parties hold over the major economic interest groups in Austria. The Proporz evolved from the system of representation adopted by the provisional government to fill ministerial posts. Since 1945, because both parties have remained at nearly equal strength, the distribution of cabinet offices has been arranged in such a way as to assure either party of at least a deputy secretaryship in strategic ministries. Depending on the proportion of popular votes cast for either one of the parties, the distribution of cabinet posts is merely readjusted to reflect the new balance of political power.⁷⁰ The nature of this system has also encouraged the growth and influence of the two major parties.

⁶⁹Ibid., October 8, 1949, April 5, 1953.

⁷⁰Herbert Pierre Secher, "Coalition Government: The Case of the Second Austrian Republic," American Political Science Review, LII (September, 1958), 794-98.

These two parties control the four large economic interest groups in Austria which consist of the Austrian Trade Union Federation and the Chamber of Labor, both controlled by the Socialist Party, and the Chambers of Commerce and Agriculture which are controlled by the People's Party. Because of party control over these major interest groups, the parties are able to determine and agree upon political and economic decisions from their headquarters or in joint conference with each others' top leaders. Since, under the coalition, both parties agree beforehand to every bill presented to the National Assembly, the legislative process in Austria has become purely mechanical.⁷¹ The irregular rotation of a party between government and opposition as prevails in England does not exist in Austria; hence that country, which has always lacked a parliamentary tradition, has overcome this problem in the second Republic through the Proporz agreement of the two major parties and through their control over the important interest groups in Austria.

One last important task that the occupation powers had to consider, and which paralleled the revival of post-war Austria's political and economic institutions, was the

⁷¹Idem, "Representative Democracy or Chamber State: The Ambiguous Role of Interest Groups in Austrian Politics," Western Political Science Quarterly, XIII (December, 1960), 892-96.

removal of Nazi influence from those two spheres of Austrian life. In many ways, denazification was a confusing programme because it was carried out by both the occupation powers and the Austrian government.

Shortly after its establishment in April 1945, the provisional government passed a series of denazification laws which taken together constituted a policy by which membership in the Nazi Party before 1938 was considered treasonable, whereas membership after 1938 was regarded with more leniency. All Nazis who had been Party members between 1933 and April 27, 1945, and also all candidates for Party membership, were required to register with the Austrian authorities. But it was the "illegals" (those who had belonged to the Nazi Party before the Anschluss⁷²), and those who had committed atrocities who would be subject to the most severe penalties for the National Socialist guilt. Conduct of investigations and final sentencing was entrusted to a People's Court which was composed of two professional judges, and the penalties ranged from the death sentence or long-term imprisonment, down to deprivation of income from personal property and the breaking of leases and other housing arrangements.⁷³

⁷²On the basis of captured membership cards, there were approximately 80,000 registered Nazis prior to the Anschluss. Karl Gruber, "Austria Infelix," Foreign Affairs, XXV (January, 1947), 230.

⁷³Secher, "The Problem of the Austrian State," pp. 178-80.

At least until the reorganization and recognition of the provisional government in October 1945, the Soviet occupation authorities implemented their denazification policy, which actually was the above-mentioned programme of the provisional government, through the Communist-controlled Ministry of the Interior. In the remaining three occupation zones, pending the establishment of quadripartite control in September 1945, each of the Western powers implemented its own denazification programme which apparently aimed at concentrating on the punishment of Nazi officials and war criminals and treating "little" Nazis less severely but in practice worked in a reverse order.⁷⁴ Allied recognition and extension of the provisional government in October 1945 should have meant that the early denazification laws of the Renner government were valid throughout Austria. However, all earlier laws of the provisional government required Allied Council approval, and the denazification laws were not approved until December 1945.⁷⁵ In the interim, therefore, denazification in the Western zones continued under close control of the respective occupation powers.

After the emergence of the freely elected Figl government at the end of November 1945, and its recognition by the

⁷⁴Mair, "Four Power Control in Austria, 1945-1946," pp. 331-32; Below, p. 78.

⁷⁵Allied Council Minutes, December 18, 1945.

occupation powers in early January 1946, the Allied Council decided that the Austrian government should continue the whole denazification programme by themselves but under the general supervision of the Internal Affairs Directorate of the Allied Commission. Accordingly, the Allied Council requested the Austrian government to begin a thorough purge of Nazis in the upper grades of the civil service and allowed the government to enact any further necessary anti-Nazi legislation. The Allied Commission, nevertheless, reserved the right to remove any official in either the state administrative machinery or in private enterprise who carried on Nazi activities directed against the occupation forces even if such activities were not technically covered by the denazification laws.⁷⁶

Although the Soviet occupation officials during 1946 had occasion to complain that denazification by the Austrian government was proceeding too slowly, the periodic reports of Chancellor Figl to the Allied Council showed considerable progress. On July 26, Leopold Figl reported that the Austrian government had removed 270,000 Nazis from public service and industrial positions.⁷⁷ On September 15, the Chancellor reported that an additional total of 39,000 Austrian civil servants had been

⁷⁶Ibid., January 10, 1946.

⁷⁷Ibid., July 26, 1946.

dismissed or pensioned off, and another 26,000 suspended.⁷⁸

At the end of the year, a similar report on action taken in the field of private enterprise stated that an additional 25,000 leading officials and 28,000 employees had been removed.⁷⁹

In the meantime, the coalition government had decided on a thorough revision of the denazification laws of the former provisional government in order to put the whole denazification programme on a more uniform basis. Also, the Austrian government was concerned about the discrepancy between their own denazification policy and that of the British and American occupation officials. British and American denazification, in practice, apparently penalized the "little" Nazi, while more important Nazis were retained by subordinate occupation officials because of their administrative abilities.⁸⁰ A new denazification law was passed by the National Assembly on July 24, 1946, but Allied Council approval was withheld until December 13, 1946.⁸¹ During that time, Soviet and French occupation officials had insisted upon increasing the severity of the law's individual provisions.⁸²

These Allied Council amendments were incorporated into a new version of the law which was reluctantly passed by the

⁷⁹Ibid., December 31, 1946.

⁸⁰The New York Times, June 14, 1946.

⁸¹Allied Council Minutes, December 13, 1946.

⁸²Ibid., October 11, 25, 1946, December 10, 1946.

National Assembly and promulgated on February 6, 1947.⁸³ This amended version of the July 1946 denazification law registered all Nazis into two classes of "implicated" and "less implicated" categories, and punishments, according to the degree of guilt, varied from a ban on certain types of employment to monetary atonement taxes.⁸⁴ The implementation of the 1947 denazification law, however, falls outside the period of the present discussion which has noted that both the provisional government of the early months of the Allied occupation, and the latter elected Figl government, showed determination and capability in eliminating Nazi influence from the political and economic life of Austria in spite of initial Soviet criticisms.

It was mentioned at the beginning of this chapter that according to Article 14 of the Agreement on Control Machinery for Austria, a new control agreement was to be made after a freely elected Austrian government had been established and recognized by the four occupation powers.⁸⁵ The initial stimulus for writing a new control agreement, however, came from the desire of the occupation authorities to define the powers to be reserved for the Allied Council and the powers to be allowed the Austrian

⁸³The New York Times, February 7, 1947.

⁸⁴"Law 25 of 1947," ALC0/P(46)152, Allied Council Minutes, December 13, 1946.

⁸⁵Above, n. 5.

provisional government after its recognition by the Allied Council on October 20, 1945.⁸⁶

This problem of reserved powers was first discussed by the Allied Council when the authority of the provisional government was extended throughout Austria. But at that time, no agreement was reached on this matter because the Soviet occupation officials, contrary to British, French and American desires, wanted Austria's foreign affairs, diplomatic representation and trade and financial relations with the occupation powers exempt from Allied Council control.⁸⁷ On November 16, 1945, at the suggestion of the British High Commissioner, Sir Richard McCreery, the Allied Council decided to shelve this problem of reserved powers until after the November 25 Austrian general election.⁸⁸

In the meantime, the British occupation officials undertook to draft a proposal entitled the New Control Agreement which would recognize the new position of the recently elected Austrian government.⁸⁹ On February 15, 1946, this draft proposal was presented to the Executive Committee for discussion, and with minor changes in wording it was accepted by the governments of

⁸⁶Allied Council Minutes, October 20, 1945.

⁸⁷Ibid., October 20, 1945.

⁸⁸Ibid., November 16, 1945.

⁸⁹Mair, "Four Power Control in Austria, 1945-1946,"
p. 326.

of the four occupation powers and signed by the Allied Council on June 28, 1946.⁹⁰

The New Control Agreement marked an important advance for the Austrian government. Except in such fields as demilitarization, protection of the property and nationals of United Nations members and the control of displaced persons, the Allied Commission was to act only through the Austrian government or other appropriate Austrian authorities. Furthermore, Article 4 of the Agreement provided for the removal by the Allied Council, with minor exceptions, of all the "remaining restrictions on the movement within Austria of persons, goods or other traffic," so that the zonal boundaries would then only serve as "boundaries of the spheres of authority and responsibility of the respective High Commissioners and the location of occupation troops."⁹¹

The most important section of the Agreement was Article 6 (a) which pertained to Austrian legislation. It stated:

⁹⁰Allied Commission for Austria, Executive Committee Minutes (Unofficial U.S.), February 15, 1946. Cited hereafter as Executive Committee Minutes; Allied Council Minutes, May 24, June 14, 28, 1946.

⁹¹"New Control Agreement for Austria," Annex (A) to ALCO/P(46)76 (Final) (Amended), Allied Council Minutes, June 14, 1946.

"In the case of constitutional laws, the written approval of the Allied Council is required before any such law may be published and put into effect. In the case of all other legislative measures and international agreements, it may be assumed that the Allied Council has given its approval if within thirty-one days of the time of receipt by the Allied Commission it has not informed the Austrian Government that it objects to a legislative measure or an international agreement. Such legislative measure or international agreement may then be published and put into effect. The Austrian Government will inform the Allied Council of all international agreements entered into with one or more of the Four Powers."⁹²

Article 6 (a) in effect meant that providing the Austrian government was assured the support of at least one of the four powers in the Commission for a particular non-constitutional legislative measure or an international agreement, the legislation would automatically be considered as having received Allied Council approval after the expiration of the thirty-one day period. Laws of a constitutional nature, however, had to have unanimous approval by the Allied Council before promulgation by the Austrian government, and hence were the only type of Austrian law subject to veto by a member of the Allied Council.⁹³

⁹²Ibid.

⁹³On May 31, 1946, the Executive Committee agreed on the following definition of a constitutional law: "An Austrian Constitutional Law is an act of the Austrian Parliament which

1. Creates or amends the Austrian Constitution or amends an existing constitutional law;
2. Is entitled a Constitutional Law;
3. Is required, under Austrian Law, to be adopted at a session of Parliament, at which not less than one-half of the members of that body are present; and
4. Is required, under Austrian Law, to be adopted by a majority of at least two-thirds of the votes cast."

Executive Committee Minutes, May 31, 1946.

In theory, the New Control Agreement had made the Austrian government virtually free to control the affairs of the Republic. In practice, however, the New Control Agreement was to bring out the basic differences among the Allied powers as to their post-war policies in Austria. By August 1946, the former cooperation of the four occupation powers gave way to obstruction and stagnation in the Allied occupation of Austria and was part of the ever growing European tension between the two most important occupation powers in Austria, the United States and the Soviet Union.

CHAPTER III

THE ALLIED OCCUPATION OF AUSTRIA

AND THE COLD WAR

Seven years after the June 1946 New Control Agreement for Austria was signed by the four occupation powers, that country was still in the position of being officially regarded as a former victim of Nazi aggression and yet without a treaty settlement. The principal reason for this continuing four-power occupation of Austria was the growing antagonism between American and Soviet policies in Europe from at least 1947 onward.

By early 1947, the post-war policy of the Soviet Union brought into being a consolidation of counterforces in Western Europe under the leadership of the only power which could match Soviet strength -- the United States. The American policy of active economic and military aid to combat Communism in Europe, which began with negotiations for a European Recovery Programme (Marshall Plan)¹ in early 1947 and led eventually to

¹Initially, the Marshall Plan was addressed to all European states, but from the onset there was slight chance that the Soviet government would accept it on the terms offered by the United States, or that her satellites, which were Poland, Czechoslovakia, Hungary, Yugoslavia, Roumania and Bulgaria, would be permitted by Moscow to accept on any terms. Neither the Soviet Union nor any of her satellites participated in the Marshall Plan, and the general economic recovery achieved in Western Europe after 1947 only tended to

the formation of the North Atlantic Treaty Organization in April 1949,² encouraged a defensive Soviet reaction in her European foreign policy. In October 1947, the Soviet Union established the Cominform which was, in some respects, a

heighten the American-Soviet rift. John C. Campbell, The United States in World Affairs, 1948-1949 (New York: Harper & Bros., 1949), p. 38; Peter Calvocoressi, Survey of International Affairs, 1949-1950 (London: Oxford University Press, 1953), pp. 94-95. Austria was able to apply for, and receive Marshall Plan aid because international agreements entered into with one or more of the four occupation powers did not require Allied Council approval according to Article 6 (a) of the New Control Agreement. The Austrian government, however, had to inform the Allied Council of such agreements. The Allied Council was informed of the signing of the Austro-American Economic Cooperation Agreement on August 13, 1948, and at that time, the Soviet Deputy High Commissioner, A. S. Zheltov, said that the agreement "would impose a régime of capitulation" on Austria which would subjugate and ruin her economy. Allied Commission for Austria, Allied Council Minutes (Unofficial U.S.), August 13, 1948. Cited hereafter as Allied Council Minutes. After August 1948, Soviet criticisms of Marshall Plan aid to Austria were lacking, for the one billion dollars which Austria received from the United States approximately equalled the value of the German assets taken by the Soviet Union during the period 1945-1951. Indirectly, the American government helped to subsidize the Soviet drain on the Austrian economy. The New York Times, April 7, 1954.

²After the signing of the May 1948 Brussels Treaty for mutual defence by Great Britain, France and the Benelux countries, the path was open to the coordination of West European defence arrangements with American defence plans. In April 1949, an Atlantic Pact was signed by the United States, Canada, the Brussels powers, Norway, Denmark, Iceland, Italy and Portugal. The Atlantic Pact, although a defensive military alliance, was also an instrument designed for Russian containment in Europe. Richard P. Stebbins, The United States in World Affairs, 1949 (New York: Harper & Bros., 1950), p. 137.

successor to the old Comintern disbanded in 1943. And in the Eastern European satellites, the Communist parties were speedily to complete the liquidation of the remnants of what they regarded as bourgeois power and influence and to purge their own ranks of doubtful elements.³

One of the first major effects of the growing American and Soviet antagonisms in Europe was the disintegration of four power control in Germany during the summer of 1948.⁴ But in

³Any doubts about the position of Czechoslovakia, where the Soviet Union had used a light hand after 1945, were removed in February 1948 when an almost all-Communist government was installed. Zbigniew K. Brzezinski, The Soviet Bloc: Unity and Conflict (Cambridge: Harvard University Press, 1960), pp. 4-18, 58-62. The Soviet Union's one failure, however, was Yugoslavia. Marshal Tito's Communist régime had not been the artificial product of coercion under a Russian military occupation, but represented a genuinely national movement which had already been up in arms against the Germans before the Russian armies had penetrated into Eastern Europe. The break between Yugoslavia and Russia became public in June 1948 when Yugoslavia seceded from the Russian camp and was completed in September 1949 with the termination of treaties between the two countries. Peter Calvocoressi, Survey of International Affairs, 1947-1948 (London: Oxford University Press, 1952), pp. 160-63; Calvocoressi, Survey of International Affairs, 1949-1950, p. 258.

⁴The successive failures of the March and April 1947 Moscow Conference and the November and December 1947 London Conference of Foreign Ministers to provide a political and economic settlement for occupied Germany led to a collaboration in West Germany between the United States, Britain and France which ended in their agreement for a separate West German state in April 1949. The Soviet government's move to prevent the establishment of a West German state under the Western powers' auspices was their blockade of West Berlin, and the failure of the blockade was a major blow for the prestige of the Soviet Union. Campbell, The United States in World Affairs, 1948-1949, pp. 65-78; Stebbins, The United States in World Affairs, 1949, pp. 36-41.

Austria, a central government had been recognized by the four occupation powers at the end of 1945, and the country had been unified economically; hence, quadripartite control continued in the more hostile atmosphere of the defensive Soviet attitude which characterized her general European foreign policy.

The hardened Soviet attitude in Austria was first observed on July 6, 1946, when a TASS release carried in the official Wiener Zeitung, and in the Österreichische Zeitung, contained the text of Soviet Order No. 17 which declared that "in accordance with the decisions of the Berlin Potsdam Conference" any German property located in East Austria had "passed into the ownership of the Union of Soviet Socialist Republics as German reparations payment."⁵

When the Soviet occupation forces first entered Austria in early April 1945, they removed raw materials and capital equipment from their zone as war booty, and later Austrian government estimates valued these early confiscations at \$164,000,000.⁶ After the Potsdam accord of August 2, 1945, awarded undefined German property in East Austria to the Soviet Union in lieu of reparation payments from that country, the

⁵U.S., Department of State Bulletin, "Order of the Soviet Commander-in-Chief in Austria for Transfer of German Property in Eastern Austria to the Ownership of the U.S.S.R." (Washington: Government Printing Office, 1946), XV, p. 123.

⁶The New York Times, April 13, 1954.

Soviet Union, however, revised her policy of confiscations and began to reconstruct and exploit these industries in East Austria itself for the purpose of aiding Soviet economic recovery at home.⁷ It was at this time that the Western occupation powers fully realized the implications of awarding undefined German property in East Austria to the Soviet Union.

The broad Russian interpretation of German assets first became apparent in the late summer of 1945 when the Soviet Union seized not only the refining installations of the German developed Zistersdorf oil fields in East Austria but also its current oil production.⁸ Then in February 1946, the Red Army seized the Danube Shipping Company as a German asset, and by June 1946, the Soviet occupation authorities had seized fifty-one of the largest industrial concerns in East Austria.⁹ One month later, the Austrian government estimated that the Red Army had even confiscated 43,000 acres of farmland as German property.¹⁰

It was against this background that the Soviet High Commission, L. V. Kurasov, issued Order No. 17 on July 6, 1946,

⁷William Lloyd Stearman, The Soviet Union and The Occupation of Austria: An Analysis of Soviet Policy in Austria, 1945-1955 (Zurich: Siegler & Co., 1961), p. 48.

⁸The New York Times, September 15, November 22, 1945.

⁹Ibid., February 2, 4, June 20, 1946.

¹⁰Ibid., July 21, 1946.

which officially declared that any German property located in East Austria had passed into the ownership of the U.S.S.R. as German reparations payment. At first the Austrian government was going to ignore this order, but within a week an Austrian government communiqué instructed Austrian officials and businessmen to report German assets to Soviet officials.¹¹ Then on July 26, 1946, the Austrian National Assembly endeavoured to combat the Soviet order by rushing through a law nationalizing the three largest banks, the coal, lead, copper, iron and antimony mining industries, the oil, steel and certain machine and metal industries, electrical and automotive plants, the Danube Shipping Company, some power installations and transportation firms. Despite Soviet threats, over seventy enterprises were ordered nationalized of which nearly half were under Soviet control.¹² Soviet occupation officials brought this matter before the Allied Council on August 2, 1946, maintaining it constituted a violation of the New Control Agreement. The Soviet High Commissioner attempted to justify his action on the grounds that this Nationalization Law was really a constitutional law and therefore required the unanimous consent of the Allied Council to become effective. But the Western members of the Allied Council refused to agree that the Nationalization law violated Article 6 (a) of

¹¹Ibid., July 7, 14, 1946.

¹²Ibid., July 27, 1946.

the New control agreement, and the Russian countermove was to have the Soviet High Commissioner declare that the law would not go into effect in the Soviet zone.¹³

After the Soviet refusal to abide by the Nationalization Law, the Soviet occupation authorities continued their seizures of German assets in East Austria. As late as 1954, the Austrian government estimated that the Soviet Union had confiscated 471 enterprises, about 350 of them industrial and commercial establishments.¹⁴ At the same time, the Soviet operated oilfields in East Austria were producing three million tons of oil each year with two-thirds of this production being taken by the Soviet Union.¹⁵

To what extent the Soviet Union benefited from their economic empire in East Austria was questionable. Only during the first two years of operation were the industrial and commercial concerns profitable to the U.S.S.R. Seventy percent of their production was sold abroad for hard currencies or exported to the Soviet Union, and only 30% was sold in Austria for schillings to pay wages and other overhead charges. The Administration for Soviet Property in Austria (Upraylenye Sovetskovo Imushchestva v Avstrii -- better known as the U.S.I.A.) which had been

¹³Allied Council Minutes, August 2, 9, 13, 1946.

¹⁴The New York Times, April 13, 1954.

¹⁵Ibid.

organized by the Russians in 1946, however, did not set aside capital reserves. Thus by 1948, the U.S.I.A. concerns were indebted to the Soviet Military Bank in East Austria for apparently fifteen or twenty million dollars.¹⁶

There was no Western counterpart of the Russian U.S.I.A. concerns in the other three occupation zones, despite the fact that under the Potsdam accord of August 2, 1945, Great Britain, France and the United States were entitled to German property in Western Austria.¹⁷ According to the June 27, 1945, American "Directive on Military Government for Austria," German-owned industrial facilities in the American zone were to be converted to the production of essential goods and administered by their occupation officials pending a final settlement of German assets by the four occupation powers.¹⁸ Nevertheless, on July 11, 1946, President Truman announced that the American government would begin the next day to hand over 300 former German enterprises in trust to the Austrian government. By this arrangement,

¹⁶Ibid., May 6, 1948.

¹⁷U.S., Department of State Bulletin, "Tripartite Potsdam Declaration" (Washington: Government Printing Office, 1945), XIII, pp. 153-61.

¹⁸Idem, "American Directive on Military Government for Austria" (Washington: Government Printing Office, 1945), XIII, pp. 661-73.

the Austrian government would appoint personnel and arrange financing, but would take neither profits nor losses from these enterprises until their final ownership was determined.¹⁹

The British and French occupation authorities, likewise, permitted German properties in their zones to be taken over or administered by the Austrian government with instructions to preserve these assets for final accounting at the end of the Allied occupation.²⁰ Of all the three Western occupation powers, the British, after the New Control Agreement was signed in June 1946, exercised the least control over German assets in their zone.²¹ The French, on the other hand, maintained the tightest control, and during the first months only of the Allied occupation even followed the Soviet example of confiscating German property as war booty.²² In April 1946, the Austrian government estimated that the French occupation army had removed 20,000 pieces of machinery from the French occupation zone.²³

¹⁹Any profits from these enterprises would be placed in blocked accounts by the Austrian government. The New York Times, July 11, 12, 1946.

²⁰Stearman, p. 50.

²¹Ibid.

²²The New York Times, April 10, 1946.

²³Ibid.

The Russians, unlike the French, continued to exploit German properties in their occupation zone throughout the entire period of the Allied occupation, and their determination to do so also characterized their attitude toward a four-power settlement of the German property question when the Western powers sought to negotiate an Austrian treaty with them from early 1947 until the end of 1949. Although the American Secretary of State, James F. Byrnes, had approached the Soviet Foreign Minister, V. M. Molotov, during the February and March 1946 Paris Conference of Foreign Ministers about commencing discussions for an Austrian treaty, Molotov would not discuss Austria until agreement was reached on the German satellite treaties.²⁴ In the Hungarian and Roumanian treaties, Molotov was insisting upon written guarantees which would allow the Soviet occupation forces to remain in those countries until ninety days after the signing of an Austrian treaty.²⁵ The terms of the satellite treaties were agreed to in late December 1946, and the Austrian treaty deputies finally met in London during January and February 1947 to begin drafting an Austrian state treaty for discussion at the March 1947 Moscow Conference of Foreign Ministers.

²⁴James F. Byrnes, Speaking Frankly (New York: Harper & Bros., 1947), pp. 163-64.

²⁵The New York Times, July 23, 1946.

It became obvious to the Western deputies during those two months that the question of German assets would be the main problem to be settled in writing a state treaty for Austria.²⁶ At these London sessions, the different approach between the Soviet and Western delegates to German property in Austria was at least clarified. The Soviet delegate, Feodor Gusev, stated that the German assets question had been part of the political discussions which were settled at Potsdam at the end of July 1945 in order to prevent a future Anschluss. On the other hand, the American deputy, Mark Clark, was concerned about the actual technical problems of German assets, such as a definition of assets and the necessity of their subjection to Austrian law and protection.²⁷

At the Moscow Conference of Foreign Ministers which began on March 10, 1947, and adjourned on April 24, there was further clarification and some conciliation of the above points of view. On March 27, Molotov offered a Russian definition of a German asset. He said that a German asset did not include any property

²⁶Mark W. Clark, Calculated Risk (Harper & Bros., 1951), pp. 484-85.

²⁷The New York Times, February 20, 1947.

"... which Germany or German citizens secured by force, nor [did a German asset include] state seizures under [the] German administration which took place without compensation, nor property which was obtained through Aryanization. All property which was not obtained on the basis of voluntary transfer should be returned to its legal owner."²⁸

This definition, however was not satisfactory enough for the American Secretary of State, George C. Marshall, who insisted upon including the word "duress" in a definition of German property. The Austrian Foreign Minister, Karl Gruber,²⁹ on the other hand, was satisfied with the Molotov definition and thought that the American attitude toward German assets was too "stiff."³⁰

At meetings of the treaty deputies during the Moscow Conference, the Soviet delegate Gusev also accepted a Western proposal (in principle) that Austrian laws should apply to former German factories and other properties eventually to be ceded to the Soviet Union, and that no extra-territorial privileges would be demanded from Austria. The Soviet deputy, however, would not agree that the Austrian Nationalization Law

²⁸Ibid., May 8, 1947.

²⁹Karl Gruber was a resistance leader in the Tirol during the period 1938 to 1945. After 1945, he became a member of the People's Party and was Under-Secretary of Foreign Affairs during the first year of the second Republic. He became Minister of Foreign Affairs in 1946. The International Who's Who, 1951 (London: Europa Publications, 1951), p. 370.

³⁰The New York Times, May 8, 1947.

should apply to German assets ceded to the Soviet Union.³¹

Unlike the United States, the Soviet Union also insisted upon her right to settle the German assets problem bilaterally with the Austrian government.³²

When the Moscow Conference adjourned on April 24, 1947, a settlement of German property had proceeded no further than a clarification of differences between the Soviet Union and the United States on that subject. The foreign ministers, however, agreed to appoint a Treaty Commission to sit in Vienna and examine these disagreements.³³

The Austrian Treaty Commission began its meetings on May 12, 1947, and ended on October 11, 1947. As was expected, the central issue of dispute was the amount of former German external assets in East Austria to which the Russians were entitled under the Potsdam accord. According to the American delegate, David Ginsburg, the Commission had many failures, but its one major success was the accumulation of a vast amount of detailed information regarding former German ownership of assets in Austria.³⁴ It was this greater knowledge about German

³¹Ibid., April 5, 1947.

³²Ibid., April 14, 1947.

³³Ibid., April 25, 1947.

³⁴Ibid., October 12, 1947.

assets which finally permitted the German property question to enter the bargaining stage between Soviet Russia and the Western occupation powers.

Just before the Treaty Commission ended its sessions, the French delegate, D. R. P. Cherrière, had suggested that the attempt to define German assets should be abandoned and negotiations should proceed on the assumption that Austria would be obliged to pay a lump sum to the Soviet Union as settlement of the German properties which the latter claimed under the Potsdam accord.³⁵ When the Conference of Foreign Ministers resumed again in London on November 21, 1947, the Soviet delegation was not interested in the French proposal, possibly because of the previously mentioned hardening of Soviet policy in Europe at that time.³⁶ After the breakup of the London Conference on December 15, 1947, the Soviet delegates, nevertheless, for the first time privately offered a concrete plan for the settlement of German assets.

The Soviet Union demanded: (1) two-thirds of all oil production and exploration rights in East Austria for fifty years, (2) control of refineries capable of producing 450,000 tons of crude oil a year, (3) one quarter of the assets of the Danube Shipping Company in Austria and all of the assets of

³⁵Ibid., October 7, 1947.

³⁶Ibid., November 28, 29, 30, 1947.

that company in Hungary, Roumania and Bulgaria, (4) \$200,000,000 to be paid in freely convertible currency in two years in lieu of all other German assets in East Austria. The Russians also wished to ensure that the Austrian government should undertake not to nationalize any property transferred to Russian ownership and that all property so transferred should be transferred free of obligations.³⁷ The French, on the other hand, had suggested that the Soviet Union acquire: (1) half of the existing Austrian oil production for twenty-five years, (2) the right to prospect for oil for twenty-five years in one-third of all unexploited fields in East Austria, (3) refineries capable of producing 250,000 - 300,000 tons of crude oil a year, (4) the assets of the Danube Shipping Company in Hungary, Roumania and Bulgaria, (5) \$100,000,000 to be paid over a period of ten years in lieu of all other German assets in East Austria.³⁸

At later meetings during 1948, the treaty deputies attempted to reconcile the two lists, and when the Big Four foreign ministers met in Paris during May and June of 1949, almost complete agreement was reached on the Austrian treaty.³⁹

³⁷Ibid., January 27, 1948.

³⁸Ibid., November 29, 1947.

³⁹At this session, the Soviet Union, because of her break with Yugoslavia, withdrew her backing of the latter's claims for \$150,000,000 in reparations and territorial claims in Carinthia and Styria. Austria's territory was guaranteed at the boundaries of January 1, 1938, and the treaty would provide guarantees for the rights of Slovene and Croate minorities in Austria. The New York Times, June 21, 1949.

The most important achievement of this conference was a settlement (in principle) of the German assets question. The Soviet Union would acquire: (1) 60% of all current oil production for thirty years, (2) refineries capable of producing 420,000 tons of crude oil a year, (3) exploration rights for eight years on specific land concessions and receive twenty-five year concessions on those lands which yielded oil, (4) 100% of the assets of the Danube Shipping Company in East Austria, as well as all the assets of that company in Hungary, Roumania and Bulgaria, (5) \$150,000,000 in freely convertible currency to be paid over a period of six years in lieu of all other German assets in East Austria. Finally, Austria was deprived of the right to nationalize the German assets ceded to the Soviet Union without the latter's consent, and these properties would be transferred to the Soviet Union free of all debt charges or taxes from the date of transfer.⁴⁰ Detailed lists of the German assets to be transferred to the Soviet Union still had to be prepared and the treaty deputies were instructed by the foreign ministers to draw up these lists and also reach final agreement by September 1, 1949, on a completed draft treaty.⁴¹

Between June and September 1949, however, there was a sudden change in the Soviet attitude toward completing the draft treaty. When the deputies resumed negotiations in London

⁴⁰ Ibid.

⁴¹ Ibid.

on September 1, this unannounced reversal of Soviet policy led to a breakup of the talks that same day.⁴² And despite further meetings by both the treaty deputies and Foreign Ministers in late 1949 and early 1950 in London and New York, no progress was achieved in completing the draft Austrian treaty.⁴³

Why had the Soviet Union dropped the Austrian treaty negotiations after so much agreement had been reached? The official position of the Soviet government was that treaty discussions could not be reopened until Great Britain and the United States ended their "illegal" occupation in Trieste.⁴⁴ Western speculation on the actual Russian motives for ending the treaty talks, however, ranged from a possible Soviet fear of national Communism arising in Hungary and Roumania as it had in Yugoslavia, to possible Soviet desires of using Austria as an opening for East-West trade to fulfil the needs of the five-year plans of the Communist bloc.⁴⁵

⁴²Ibid., September 2, 1949.

⁴³Ibid., September 24, 27, October 4, December 17, 1949.

⁴⁴Ibid., May 9, 1950. In 1946, the Council of Foreign Ministers created the Free Territory of Trieste, consisting of the city and a small surrounding area, in order to solve the rival Yugoslav-Italian claims to the area. It was impossible, however, to agree on the choice of a governor and Trieste continued under Western Allied occupation. René Albrecht-Carrié, A Diplomatic History of Europe: Since the Congress of Vienna (London: Methuen & Co., 1958), p. 604.

⁴⁵The New York Times, December 17, 1949, May 7, 1950.

Although the treaty negotiations failed at the end of 1949, the Allied occupation of Austria was not disrupted. In the place of treaty discussions, the Soviet occupation officials delivered propaganda statements at Allied Council meetings in order to justify their continued occupation in Austria. These statements, which shall be elaborated upon below, dwelt with an apparent Western-encouraged resurgence of Nazism and militarism in Austria and the lack of democratization in that country since 1945.

Soviet occupation officials had been critical of the Austrian government's efforts in denazification ever since the implementation of the 1947 denazification law.⁴⁶ In February 1948, however, the Soviet High Commissioner, L. V. Kurasov, proposed a general youth amnesty for "less implicated" Nazis. This proposal was agreed to by the Allied Council and accepted by the Austrian National Assembly.⁴⁷ The apparent purpose of this amnesty, which lifted voting restrictions upon 487,000 Nazis, was a Soviet attempt to influence these potential voters for the general elections to be held in late 1949.⁴⁸ In the 1945 general

⁴⁶Allied Council Minutes, February 14, July 25, August 29, September 26, November 26, 1947, January 16, 30, 1948.

⁴⁷Ibid., February 27, 1948; Allied Commission for Austria, Executive Committee Minutes (Unofficial U.S.), March 19, 1948. Cited hereafter as Executive Committee Minutes.

⁴⁸Stearman, p. 50.

elections, the Communist Party had polled only 5% of the popular vote, and the "less implicated" Nazis represented approximately 12% of the eligible voting population.

This amnesty also encouraged other groups to vie for the former Nazi vote, and Austrian newspapers reported in June 1949 that Julius Raab, the leading representative of the industrialists in the People's Party, had conducted negotiations with spokesmen for the National Socialists in an effort to broaden the electoral basis of the People's Party. Raab admitted these rumours were true, and political observers believed that the Soviet Union might use these political negotiations as a further justification of her opposition to restore Austrian sovereignty.⁴⁹

At the Allied Council meeting on June 24, 1949, the Soviet High Commissioner, V. P. Sviridov, delivered a statement referring to the Raab negotiations, and declared that the People's Party was grossly violating the laws of the Austrian government by attempting to subordinate the amnestied Nazis to the influence of Nazi ringleaders.⁵⁰ Although the American and French High Commissioners were willing to ask the Austrian government about these negotiations, the British High Commissioner, Alexander

⁴⁹The New York Times, June 11, 1949.

⁵⁰Allied Council Minutes, June 24, 1949.

Galloway, was indifferent to the whole affair and no enquiries were made.⁵¹ One could assume from these discussions that the British occupation officials were no longer willing to participate in any Allied Council interference with the activities of the Austrian government or people.

When the October 1949 general elections were held, the extreme right-wing League of Independents ran candidates and polled 11% of the popular vote which represented the political leanings of the majority of the "less implicated" Nazis.⁵² After the general elections, the Soviet Deputy High Commissioner, Alexei Zheltov, stated that the elections proved there had been a resurgence of Nazism in Austria and blamed its revival upon the failure of the Western occupation powers to properly denazify their occupation zones.⁵³ These accusations were refuted by the French High Commissioner, M. E. Béthouart, who said that the general election results not only disproved the Soviet accusations, but also that the Soviet High Commissioner was attempting to place the blame for the results of their own encouragement of the Nazi amnesty upon the Western powers.⁵⁴

⁵¹Ibid., July 29, 1949.

⁵²In this election, the Socialist Party polled 39% of the popular vote, the People's Party 44% and the Communist Party 5%. Stearman p. 92.

⁵³Allied Council Minutes, December 9, 1949; The New York Times, December 10, 1949.

⁵⁴Allied Council Minutes, December 22, 1949.

During 1950, Russian propaganda statements concerning a Nazi revival in Austria were lacking, but toward the end of 1951 the Soviet occupation officials began accusing the Western powers of re-developing the former war industries in the Western occupation zones. The timing of these new Soviet accusations coincided with discussions by the Western powers on the question of re-arming West Germany.⁵⁵

At the Allied Council meeting on September 28, 1951, the Soviet High Commissioner, V. P. Sviridov, accused the Western occupation powers of preserving and re-developing former Nazi industries in the Western zones for the production of materials of military potential.⁵⁶ This accusation was denied by the American High Commissioner, Walter J. Donnelly, who said that as far back as December 23, 1947, quadripartite inspection teams had confirmed that all former war industries had been demilitarized and placed under the supervision of the occupying powers.⁵⁷ And the French High Commissioner, M. J. Payart, later

⁵⁵After the outbreak of Korean hostilities in 1950, the American, British and French foreign ministers began discussing the possibility of the re-armament of West Germany. The French, however, were reluctant to allow the creation of a German army, and it was not until 1952 that the treaty creating the European Defense Community was signed by the foreign ministers of France, Germany, Italy, and the Benelux countries. The treaty, however, failed to gain ratification by the French Parliament in August 1954. Albrecht-Carrié, pp. 633-36, 642.

⁵⁶Allied Council Minutes, September 28, 1951.

⁵⁷Ibid., October 12, 1951.

told Commissioner Sviridov that his accusations were propaganda which only served the purpose of delaying the end of the Allied occupation.⁵⁸

The Soviet accusations concerning remilitarization continued into the spring of 1952 at which time an explosion at the Stadl-Paura industrial explosive works in the American zone encouraged another propaganda statement by the Soviet occupation officials. In the Allied Council on March 14, 1952, the Soviet Deputy High Commissioner, U. M. Kraskevich, said the explosion served as an example of a firm manufacturing munitions for the future Austrian army.⁵⁹ According to Soviet sources, this Austrian army was part of an American plan to unite the Western zones of Austria with West Germany and incorporate an Austrian army of ten divisions with the West German army.⁶⁰

By the summer of 1952, Soviet propaganda statements began declaring that there was a lack of democratization in Austria. The timing of these Soviet accusations also coincided with the announced decision of the Austrian government to take the state treaty negotiations before the United Nations.⁶¹ At the Allied

⁵⁸Ibid., November 30, 1951.

⁵⁹Ibid., March 14, 1952.

⁶⁰The New York Times, February 20, 1952.

⁶¹Ibid., August 30, 1952.

Council meeting on August 29, 1952, the Soviet High Commissioner, V. P. Sviridov, delivered a five point criticism about the lack of democratization in Austria.

His criticisms stated that: (1) the Austrian government had failed to draft a permanent constitution to replace the 1929 constitution which was still the constitutional basis of post-war Austria, (2) despite the end of the Hitlerite occupation seven years before, "hundreds of reactionary laws continued to be retained in the country, among them many laws introduced by the Hitlerite authorities,"⁶² (3) the Austrian government and administration had remained largely reactionary and bureaucratic, because many officials of a "democratic turn of mind" were being expelled from the civil service,⁶³ (4) the Western occupation authorities were persecuting democratic bodies and elements in the country, (5) the whole system of education in the country was reactionary.⁶⁴

The British reaction to these Soviet criticisms of Austrian democracy was given by their High Commissioner, Sir Harold Caccia, who said only that the Russian word demokraticheskii should have been translated as "Communist."⁶⁵ On the other hand, the American Deputy High Commissioner, Walter Dowling, said the

⁶²Allied Council Minutes, August 29, 1952.

⁶³Ibid.

⁶⁴Ibid.

⁶⁵Ibid.

Soviet statement was proof that Austria was not under Communist pressure.⁶⁶

The Soviet occupation officials again stated their five point criticism of Austrian democracy less than a year later when the Allied Council took note of the formation of the new Austrian government of Chancellor Julius Raab after the April 1953 elections. At that time, the Soviet High Commissioner, V. P. Sviridov, also reiterated previous accusations about the re-development of former Nazi industries in the Western zones of Austria for military purposes.⁶⁷

Although the Soviet statements from 1949 onward about the apparent resurgence of Nazism in Austria and the lack of democracy in that country were basically distorted,⁶⁸ such statements did serve as an indication that the Soviet Union was

⁶⁶Ibid., November 14, 1952.

⁶⁷Ibid., April 10, 1953.

⁶⁸It was very logical that the 487,000 Nazis, who were restored to full participation in Austrian political and economic life by the amnesty law, would cast their votes in the 1949 election for an extreme right-wing group such as the League of Independents. This open expression of political leanings by these former Nazis, however, does not necessarily imply that there was a resurgence of Nazism in Austria. In regard to the question of post-war Austrian democracy, which has already been discussed in the previous chapter, the control which the People's Party and the Socialist Party have over the political and economic institutions of the Republic could point to a lack of democracy in Austria. This control, however, which the two parties maintain by means of a coalition form of government, has given Austria a political stability which she lacked in the first Republic.

no longer interested after 1949 in ending the Allied occupation of Austria. Furthermore, the Soviet charges about militarism in Austria indicated that she was very concerned about the probable re-arming of West Germany and the military importance of the Western occupation zones of Austria to the West European alliance system.

Another earlier indication of the hardened Soviet policy in Austria, however, was observed in their refusal, at least until the summer of 1953, to permit the alleviation of four power control and censorship of communications in Austria or to allow the removal of all restrictions on the free movement of persons or goods to and from the Soviet zone of occupation.

During the formative period of the Allied occupation, a precautionary military censorship of Austrian communications media had been established in the Western zones by Britain, France and the United States. But in the Soviet zone, or Vienna, there was no censorship of communications, because the Soviet occupation authorities initially wished to devolve such functions upon the provisional government of Karl Renner.⁶⁹ However, one month after quadripartite control of Austria formally commenced, the four occupation powers decided to form an Allied Signals Executive Committee which would control all forms of communications in Austria.⁷⁰

⁶⁹The New York Times, April 14, 1946.

⁷⁰Executive Committee Minutes, October 4, 1945.

On December 18, 1945, the American High Commissioner, Mark Clark, proposed that the censorship of internal telephone, telegraph and postal services be extended and coordinated throughout Austria "in order to protect and strengthen democratic institutions in in Austria, to assist in eliminating all traces of the Nazi regime and to provide for the security of the Allied occupying powers."⁷¹ The three Western occupation powers favoured a decentralized operation so that messages would be censored in the zone of origin. Soviet High Commissioner Ivan Koniev, on the other hand, wanted all quadripartite censorship centralized in Vienna, and his view prevailed. At the same meeting, it was decided that all the civilian international telephone and telegraph communications of Austria would be censored in Vienna. At Western insistence, however, only international mail addressed to or originating in Vienna would be censored in that city.⁷²

While the efficiency of telephone and telegraphic services obviously suffered under this arrangement,⁷³ postal censorship in Vienna created even greater problems with mail

⁷¹Allied Council Minutes, December 18, 1945.

⁷²Ibid.

⁷³For example, the Tirol Water Works Power Company, which was located on the Swiss-Austrian border, had to route all telephone calls to Switzerland through Vienna, because the Soviet occupation authorities would not agree to allow the company a private, uncensored line across the border. Allied Council Minutes, February 13, 1948.

deliveries sometimes held up for weeks or, in the case of condemned mail, not effected at all.⁷⁴ In addition to this inconvenience, it cost the Austrian government \$500,000 dollars annually to perform these censorship functions.⁷⁵

After an Executive Committee decision of October 4, 1946 officially eliminated the censorship of internal communications in Austria, almost no additional progress was made in eliminating the international censorship of communications until the Soviet occupation authorities unilaterally abolished their censorship of communications in Vienna on June 8, 1953, and a four-power agreement recognized this new situation on August 14, 1953.⁷⁶

Perhaps as annoying as the censorship of communications was the Soviet refusal, until the summer of 1953, to remove most restrictions on the free movement of persons or goods to and from the Soviet zone of occupation. During the formative period of the Allied occupation, the free movement of persons or goods was severely restricted by all four occupation powers.⁷⁷

⁷⁴Stearman, p. 71.

⁷⁵Cary Travers Grayson, Jr., Austria's International Position, 1938-1953 (Geneve: Librairie E. Droz, 1953), p. 167.

⁷⁶Executive Committee Minutes, October 4, 1946; Allied Council Minutes, August 14, 1953.

⁷⁷"The Austrian Scene," The Economist (May 4, 1946), pp. 702-03.

Nevertheless, on September 20, 1945, the Allied Council authorized the issuance of permanent inter-zonal permits for Austrian nationals and occupation personnel.⁷⁸ And on January 22, 1946, the Allied Council agreed to the free movement of surplus goods from one zone to another.⁷⁹ Although the New Control Agreement of June 1946 stated that the occupation powers would remove all remaining zonal barriers, the Soviet authorities would not reduce their control over persons or goods entering or leaving the Russian zone until the summer of 1953, although the Western occupation authorities had eliminated their inter-zonal controls by the summer of 1948.⁸⁰

The tight controls maintained by the Soviet occupation authorities upon persons entering or leaving the Soviet zone were ostensibly to prevent the free circulation of displaced persons within Austria.⁸¹ But the Soviet occupation authorities also maintained a close control over goods entering and leaving their zone. In addition to foodstuffs, other items requiring Soviet clearance for shipping out of the Soviet zone included machinery, metals, fuels, lumber, scrap metal and animal feed.⁸²

⁷⁸Allied Council Minutes, September 20, 1945.

⁷⁹Ibid., January 22, 1946.

⁸⁰Stearman, p. 80.

⁸¹Allied Council Minutes, April 29, 1949.

⁸²The New York Times, December 30, 1947.

These controls were probably aimed at countering a widespread desire in East Austria to remove any movable assets from the danger of Soviet expropriation.⁸³ The Soviet occupation officials defended these controls by charging the Western occupation powers with sucking industries and materials out of the Soviet zone with a view eventually to partitioning the country.⁸⁴ Although some of the controls on basic commodities were lifted on May 14, 1949, a few days after the Berlin blockade ended, Soviet freight restrictions continued in force until zonal controls were lifted on June 8, 1953, with the provision that checks on freight traffic would be limited to those necessary to prevent importation into the Soviet zone of weapons, ammunition and explosives.⁸⁵

That the Soviet occupation authorities unilaterally abolished almost all zonal controls and did abolish all censorship of communications in her zone on June 8, 1953, was not taken by Western observers to be an indication of a Soviet wish to end her occupation in Austria. Such actions by the Soviet occupation authorities were only a part of the general thaw in Soviet internal

⁸³Ibid., June 9, 1947.

⁸⁴Executive Committee Minutes, January 5, 9, 23, 1948.

⁸⁵Stearman, p. 82.

policy which occurred both in the Soviet Union and also the East European satellites following the death of Stalin in March 1953.⁸⁶

Hence, ten years after the 1943 Moscow Declaration on Austria had been issued, that country was still without her full sovereignty, and there was little hope in the summer of 1953 for an end to the Allied occupation. Nevertheless, developments in the West European defence system during 1954, which brought about the re-armament of West Germany in early 1955, were to see a reversal of Soviet policy toward Austria. And that country was to be used as a bargaining counter to extract military concessions from the Western powers in order to end the Allied occupation of Austria by the summer of 1955.

⁸⁶The New York Times, June 9, 1953.

⁸⁷Ibid., August 15, 1953.

CHAPTER IV

THE END OF THE ALLIED OCCUPATION OF AUSTRIA

After the breakdown of treaty negotiations in 1949, the Western powers were probably prepared for an indefinite four-power occupation of Austria. But on May 15, 1955, the Austrian state treaty was realized after two weeks of negotiations, and the Allied occupation officially ended October 25, 1955, after a ninety day period allowed for the withdrawal of troops from Austria. The Allied Commission for Austria, however, had ceased to function on July 27, the day when France deposited her ratification of the State Treaty with the Foreign Ministry in Moscow. What made possible the signing of the Austrian state treaty after the long period of Soviet recalcitrance?

The basic motivation behind the reversal of Soviet policy toward Austria was the re-armament of West Germany in the spring of 1955. It was mentioned in the previous chapter that in April 1952, France, West Germany, Italy and the Benelux countries, formed the European Defence Community which would have created a coordinated European army. But France, who still feared a re-armed Germany, rejected the European Defence agreement in August 1954. One month later, nevertheless, British diplomatic initiative achieved the signing of the Paris agreements for a West European Union consisting of the defunct European Defence Community, Great Britain, the United States and Canada. These agreements provided not only for a European army, but also terminated the occupation

régime in West Germany and permitted the creation of a German army of twelve divisions to be placed under the North Atlantic Treaty Organization which the Federal Republic would join. Despite substantial opposition in both France and Germany to the latter's re-armament, the parliaments of these countries ratified the agreements by the end of March 1955.¹

The first indication of a change in Soviet policy which linked the solution of the Austrian problem with a general settlement on Germany occurred in August 1953. During the first half of 1953, the Western powers had made overtures to the Soviet Union in an attempt to reopen the Austrian state treaty talks, but the Soviet government refused to negotiate until the Western powers withdrew the abbreviated treaty presented to them in February 1952.² In one note to the Western powers, dated August 4, 1953, the Soviet Union, however, associated the signing of a state treaty with a settlement on Germany. Then on November 26, 1953, the Soviet government recommended that a foreign ministers' conference on the German

¹Peter Calvocoressi, Survey of International Affairs, 1953 (London: Oxford University Press, 1956), pp. 46-59; Coral Bell, Survey of International Affairs, 1954 (London: Oxford University Press, 1957), pp. 137-48; Geoffrey Barraclough, Survey of International Affairs, 1955-1956 (London: Oxford University Press, 1960), pp. 37-44.

²The New York Times, January 10, 1953; The Western powers had submitted an abbreviated treaty of eight articles to the Soviet Union during the first week of February 1952 in an attempt to reopen the Austrian treaty negotiations, but the Soviet Union did not even acknowledge receipt of the draft of this abbreviated treaty. The New York Times, February 9, 1952.

problem and European security be held in Berlin. The Western powers agreed to this suggestion and expressed a hope that this conference would lead to the reunification of Germany and an Austrian treaty.³

The Berlin Conference of Foreign Ministers, which opened on January 25, 1954 with futile discussions of the German problem, did not begin negotiations on the Austrian state treaty until February 12. On the first day of the Austrian discussions, the Soviet Foreign Minister, V. M. Molotov, stated his conditions for signing an Austrian state treaty. Mr. Molotov proposed a treaty under which the Allied Commission would be dissolved, but Allied occupation troops would remain in Austria -- although not in Vienna -- until the German peace treaty was concluded "to prevent any attempt at a new Anschluss."⁴ He also insisted that Austria undertake neither to enter into any military alliances nor to permit foreign military bases on her territories. Furthermore, Molotov's proposal called for a consideration of the Trieste question.⁵

³William Lloyd Stearman, The Soviet Union and The Occupation of Austria: An Analysis of Soviet Policy in Austria, 1945-1955 (Zurich: Siegler & Co., 1961), p. 144.

⁴The New York Times, February 13, 1954.

⁵Ibid.; On October 5, 1954, American, British, Yugoslav and Italian representatives meeting in London signed a de facto agreement on Trieste permitting the withdrawal of Anglo-American troops. Bell, Survey of International Affairs, 1954, p. 168.

The Western foreign ministers would not accept the Soviet demands for post-occupation armies in Austria, but Mr. Molotov insisted on this condition for signing the state treaty and cited the buildup of Western strength in Europe as the reason for his demand that Austria, even if granted independence, must be garrisoned by the Soviet army until the German peace treaty was signed. Molotov also stated that the eventual freeing of Austria would be facilitated if the three Western powers were to reject their plans for the setting up of the European Defence Community and the resurgence of German militarism.⁶

Molotov's insistence upon the acceptance of his proposals on neutralization and the post-treaty retention of Allied troops in Austria represented basic changes in two previously agreed articles (Article 4 -- Prohibition of Anschluss, and Article 33 --Withdrawal of Allied Forces) of the draft state treaty of 1949.⁷ Although Soviet Foreign Minister Molotov agreed to make 1955 the date for a final withdrawal of the troops in Austria, which American Secretary of State John Foster Dulles said gave no assurance that Soviet troops would be withdrawn, the conference ended on February 18, because no agreement could be reached upon the Molotov proposals.⁸

⁶The New York Times, February 14, 1954.

⁷Ibid.

⁸Ibid., February 17, 19, 1954.

After the breakup of the Berlin Conference, the Soviet occupation officials in Austria began to deliver propaganda statements in the Allied Council to justify the failure of the Berlin Conference. These new statements began on May 14, 1954, when the Soviet High Commissioner, Ivan Ilyichev, declared that since the Berlin Conference had ended, military organizations of former active Nazis and Hitlerites located in the Western zones of Austria had increased their activities and propaganda for a new Anschluss. These groups were the Waffen S.S. Men's Union, the Servicemen of the Rommel Afrika Korps and others. In reply to these charges, the American High Commissioner, Llewellyn E. Thompson, naively admitted that peaceful meetings of war veterans had taken place in Austria, just as they had taken place in any other country which had been in the war, but he saw no evidence to indicate that these activities could be called military in nature.⁹

The climax to the new Soviet accusations against the Western powers in Austria occurred on December 21, 1954, when Soviet High Commissioner Ilyichev called a special meeting of the Allied Council in order to accuse the American occupation officials of illegally extending their zone of occupation by

⁹Allied Commission for Austria, Allied Council Minutes (Unofficial U.S.), May 14, 1954. Cited hereafter as Allied Council Minutes.

stationing troops in the French zone of Austria. This latest Soviet accusation was perhaps based upon the Russian fear of the possible use of the Western zones of Austria as a military communication line between Italy and West Germany after the ratification of the Paris agreements for the formation of the West European Union. Although there were American forces in the French zone of occupation, through which the American lines of communication ran, these troops had been stationed there since the beginning of the Allied occupation with the consent of the French High Commissioner. American High Commissioner Thompson explained this situation to the Soviet High Commissioner and at the same time rejected the latter's charges about the illegal extension of the American zone of occupation.¹⁰

In light of the above mentioned Soviet accusations against the American occupation officials in Austria, one can only speculate that the Soviet Union had realized that the re-armament of West Germany could not be halted, and that she would have to formulate new proposals for signing an Austrian state treaty in order to at least prevent the Western zones of Austria from being used as a military communication line by the Western powers. This change in Soviet policy did occur at the beginning of February 1955.

¹⁰Ibid., December 21, 1954.

On February 8, 1955, the day when Soviet Premier Malenkov resigned as Chairman of the Council of Ministers, Foreign Minister Molotov delivered a foreign policy statement concerning the Austrian state treaty. He said that the Austrian state treaty could be signed, and Allied troops withdrawn from Austria before the German peace treaty was signed, if there were sufficient guarantees against another Anschluss. Molotov also called for another four-power conference to discuss the German question and the Austrian state treaty, and pointed out the dangers to Austria which would accompany the ratification of the Paris agreements.¹¹

Further Soviet initiative toward ending the Allied occupation of Austria was noted on February 24, 1955 when Mr. Molotov invited the Austrian Ambassador, Norbert Bischoff, to the Kremlin and asked him about Vienna's opinion of the February 8 proposals for a settlement of the Austrian treaty.¹² On March 14, Mr. Bischoff gave the Soviet Foreign Minister a note from his government which expressed Austria's agreement with the need for guarantees against another Anschluss and said the Austrian government was willing to enter into preliminary discussions on the form of such guarantees. The Austrian government also agreed that negotiations for finalizing a state

¹¹Noble Frankland (ed.), Documents on International Affairs, 1955 (London: Oxford University Press, 1958), p. 217.

¹²The New York Times, March 25, 1955.

treaty would be conducted at a conference of the four powers and Austria.¹³

Finally, on March 24, 1955, Soviet Foreign Minister Molotov invited the Austrian Chancellor, Julius Raab, to Moscow to discuss the Austrian state treaty. The points Mr. Molotov wished to consider were a guarantee of Austrian independence that would prevent another Anschluss, and Austria's express willingness to give a guarantee that she would not join any military alliance or allow her territory to be used for foreign military bases.¹⁴

Chancellor Raab accepted this invitation which Western diplomats considered had the purpose of binding Austria to some form of neutrality that would compromise Austrian independence. Western diplomats, on the other hand, were also aware that this neutrality which the Russians had in mind was military in nature in order to cut Western defence communications between West Germany and Italy, in view of the recently ratified Paris agreements.¹⁵ That the Western Big Three were wary of these bilateral talks was noted in a joint statement issued on April 5 which was not specifically directed at the Soviet Union or Austria, but stated that the conclusion of the Austrian state treaty was of of concern to all of the Big Four powers as well as Austria.¹⁶

¹³Ibid. ¹⁴Ibid. ¹⁵Ibid., March 30, 1955.

¹⁶Ibid., April 6, 1955.

Austrian Chancellor Julius Raab went to Moscow on April 11, and by April 15 he had reached agreement with Mr. Molotov on the points which the latter had wished to discuss. In these discussions, the Soviet Union made considerable concessions to the Austrians in order to reach agreement. Russia agreed that after the treaty took effect, the occupation forces of the four powers in Austria should be withdrawn no later than December 31, 1955. On the economic side, the Soviet Union agreed to accept payment entirely in Austrian goods to the amount of \$150,000,000 for German assets seized in the Soviet zone of Austria. Russia also agreed to hand over all the assets of the Danube Shipping Company in Austria for \$2,000,000. Furthermore, the Soviet Union agreed to give up her oil exploration rights and oil refineries in East Austria in return for deliveries of one million tons of crude oil annually over a ten year period.¹⁷

In return for these concessions, Austria gave assurances that she would not join any military alliances or permit military bases on her territory. To guarantee this declaration, Austria would pursue a "policy of independence with respect to all states."¹⁸ In addition, the Austrian Vice-Chancellor, Adolf Schaerf, said in Vienna that the Austrian government would ask all the four occupying powers to guarantee her independence.¹⁹

¹⁷Ibid., April 16, 1955.

¹⁸Ibid.

¹⁹Ibid.

Western reaction to the Austro-Soviet pact was mixed. The American State Department was wary of the agreement because they saw this as a means of disrupting Bonn's plans to arm within the North Atlantic Treaty Organization. The Austrian acceptance of neutrality, in return for her independence, would possibly serve as an example for German reunification. Furthermore, the State Department was concerned because they did not know the precise form of the declaration insisted upon by the Russians under which Austria would foreswear military alliances and promise never to allow military bases on her soil.²⁰

The British Foreign Office welcomed the news of the Austro-Soviet pact. Nobody in London was quite sure why the Soviet Union had reversed her Austrian policy and had accepted a settlement that would apparently be more generous than the draft treaty the Soviet Union had refused to finalize for five years. The British, however, saw West Germany as the real object of the Soviet manoeuvre. One hundred and fifty new legislative acts remained to be adopted before the Federal Republic could actually participate in Western defence, and the Soviet Union possibly hoped to influence the German opponents of re-armament to prevent the adoption of these acts. British spokesmen even guessed that the change in Soviet policy was

²⁰Ibid.

was related to the internal changes that had taken place in the Soviet Union during 1955, as those persons who had previously rejected a soft and friendly policy toward Austria had since been dismissed from office or had lost favour.²¹

After the signing of the Austro-Soviet pact, the Austrian Foreign Minister, Leopold Figl, invited representatives of the four occupation powers to come to Vienna to sign a state treaty giving the nation independence.²² And on April 19, 1955, the Soviet Union called for a Big Four conference of foreign ministers "in the nearest future" to conclude a state treaty with Austria. The Soviet Union also added that thanks to the understanding reached between Moscow and Vienna the previous week, "there is at the present time a possibility to achieve a settlement of the Austrian question."²³

The Big Four did agree that the ambassadors of the four occupying powers to Austria (their High Commissioners) should meet in Vienna on May 2, 1955 to prepare final terms for an early restoration of Austria's independence.²⁴ On that day, the the ambassadors began their meetings, and by May 12 full agreement

²¹Ibid.

²²Ibid., April 18, 1955.

²³Ibid., April 20, 1955.

²⁴Ibid., April 23, May 3, 1955.

was reached on the Austrian state treaty. There had been difficulties when the Soviet Union initially insisted that Article 35 on German assets be signed the way it was in the draft treaty. If Article 35 on German assets (this became Article 22 in the final treaty) had been signed the way it was written in the draft treaty, there would have been no guarantee to the Western powers that the Soviet Union would abide by the Austro-Soviet pact on German assets which was signed in Moscow on April 15, 1955. But the Soviet Ambassador, Ivan Ilyichev, compromised and accepted an American proposal to add a paragraph taking note of the agreement reached by Russia and Austria on German assets.²⁵

On May 14, 1955, the foreign ministers of the four occupying powers arrived in Vienna and approved the state treaty after deleting from its preamble a clause implying Austrian war guilt. The foreign ministers also accepted (in principle) a Soviet suggestion that they would respect and uphold a statement of Austria's permanent neutrality of the kind observed by Switzerland in her relations with other states.²⁶ Finally, on May 15, 1955, in Vienna's Belvedere Palace, the

²⁵Ibid., May 13, 1955.

²⁶Ibid., May 15, 1955; On October 26, 1955, the day after the official end of the Allied occupation, the National Assembly passed a Federal Constitutional Law declaring Austria's perpetual neutrality and assuring that Austria would not enter into military alliances or permit the establishment of foreign military bases on her soil. Stearman, p. 157.

Austrian state treaty was signed by the American Secretary of State, John Foster Dulles, the Soviet Foreign Minister, V. M. Molotov, the British Foreign Minister, Harold Macmillan, the French Foreign Minister, Antoine Pinay, and the Austrian Foreign Minister, Leopold Figl.²⁷

After the State Treaty had been signed, the only remaining task of the occupation powers was to dismantle their control machinery in Austria and withdraw their occupation troops. On May 18, the Allied Council appointed the Executive Committee to plan the reduction of control measures during the period before the coming into force of the state treaty, this period being the time until all four occupation powers had deposited their ratification of the state treaty with the Foreign Ministry in Moscow.²⁸ On July 27, when the French deposited their ratification in Moscow, the Allied Council met to declare that the New Control Agreement of June 28, 1946 ceased to be in effect and that the Allied Commission for Austria terminated its activities.²⁹ On September 19, the last Soviet occupation soldier left Austrian soil, and with the departure of the last American troops from Salzburg on October 21, the withdrawal of the occupation forces was complete. Finally, on October 25, 1955, which marked the end of the ninety day period for the withdrawal

²⁷The New York Times, May 16, 1955.

²⁸Allied Council Minutes, May 18, 1955.

²⁹Ibid., July 27, 1955.

of Allied troops from Austria, the newly independent Austrian Republic celebrated "Flag Day."³⁰ Hence, twelve years after the 1943 Moscow Conference of Foreign Ministers had issued its Declaration on Austria, which contained a promise to restore Austrian sovereignty, that promise had become a reality. Although Austria gained by the State Treaty in being restored to the status of an independent, although neutral state, she had been used since early 1947 as a bargaining counter by the Soviet Union because of the growing East-West tensions in Europe. What were the gains achieved by both the Soviet Union and the Western powers when they were both able to agree to end their four-power occupation of Austria in 1955?

The Soviet Union did gain some military concessions from the Western powers by signing the State Treaty. Although the formation of the West European army in March 1955 had brought to the surface again the reality of the German position in Europe, it also meant that Italian and West German military communication lines could pass through the Western zones of Austria. The Soviet Union, however, by demanding the price of Austrian neutrality in return for signing the State Treaty in May 1955, was able to split these Western military communication lines -- less than two months after Italy and West Germany had

³⁰Stearman, p. 157.

been joined together for defence purposes in the West European Union.³¹ It was apparently an open secret that United States defence authorities had not welcomed the State Treaty for the reasons just mentioned.³² Although the strategic significance of Austrian neutrality might have been depreciated by atomic-age strategists in the West who argued that such geographical disadvantages meant little in view of the existence of ballistics missiles with ranges from hundred to thousands of miles, Soviet military doctrine took into greater account the use of both conventional and nuclear weapons.³³ Accordingly, any weakening of the geographic structure of the North Atlantic Treaty Organization was welcomed by the Soviet Union.

The military advantage gained by the Soviet Union from Austrian independence and neutrality, however, was not the only reason which justified the Soviet withdrawal from Austria. Russia probably also hoped to use the State Treaty as a means to lure West Germany into neutralism and away from her newly formed military alliance with the North Atlantic Treaty Organization and the West European Union. On April 18, 1955, after Russia had reached the bilateral agreement with Austria for that country's

³¹The New York Times, May 16, 1955.

³²Ibid.

³³Raymond L. Garthoff, Soviet Military Doctrine (Glencoe, Illinois: Free Press, 1953), pp. 173-77.

post-occupation neutrality in return for a settlement of the German assets question, Moscow Radio had stated: "If Bonn would follow the Austrian example, Germany as a nation and world peace would gain considerably."³⁴ The Austro-Soviet pact did seem to have the effect in West Germany which the Soviet Union desired. Just after the Austro-Russian pact was announced in Moscow on April 15, 1955, the West German Social Democratic Party, which had fought the West German entry into the North Atlantic Treaty Organization, described the Austro-Russian pact as an example for Germany. The West German government, however, rebutted the opposition stand on the ground that fundamental differences between Austria and Germany in size, location and status ruled out Austria as a model for Germany.³⁵ When the State Treaty was signed in Vienna on May 15, 1955, the Soviet Foreign Minister, V. M. Molotov, again mentioned German neutrality as the price for German unity.³⁶

What were the Western advantages derived from signing the State Treaty? Two days after the treaty was signed in Vienna, Secretary of State Dulles, in a televised dialogue with President Eisenhower, stated:

³⁴Stearman, p. 164.

³⁵The New York Times, April 16, 1955.

³⁶Ibid., May 16, 1955.

"In the first place, it marks the first time that the Red Armies will have turned their face in the other direction and gone back since 1945. . . . Why they are doing it we're not quite sure, except we can be quite certain that the policies of strength and firmness that we're adopting in partnership with the other free countries of Europe are beginning to pay off and the people of Austria are the first to say -- and all of them did say to me -- this is the first dividend from the creation of Western unity and the bringing of Germany into NATO."³⁷

The withdrawal of Soviet troops from Austria did result in a retreat from their farthest war-time advance in Central Europe. In some cases this withdrawal to the East was nearly 150 miles. Nearly 16,000 square miles and 1,700,000 people (not including the area and population of the Soviet sector of Vienna) were freed from Soviet control and direct economic exploitation, and the entire country was rid of the quadripartite controls kept in force at Soviet insistence.³⁸

One last result of the signing of the Austrian State Treaty was the Geneva "summit conference" of 1955. The Soviet Union had for many months been calling for a Big Four "meeting at the summit," but had been opposed by President Eisenhower and his advisers on the ground that exchanges of view on the reduction of international tensions would be fruitless until Soviet deeds had given concrete expression to Moscow's self-imputed good

³⁷Ibid., May 18, 1955.

³⁸Stearman, p. 170.

intentions. Soviet deeds, at least as far as they concerned Austria, were recorded with the signing of the State Treaty. Thus it was that when the Big Four foreign ministers met in Vienna for the signing of the State Treaty, they agreed that the time had now come to start planning in earnest for what turned out to be the Geneva "summit conference" of mid-July, 1955.³⁹

³⁹Hollis W. Barber, The United States in World Affairs, 1955 (New York: Harper & Bros., 1957), pp. 50, 60.

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